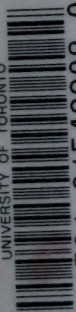


ENDURING INVESTMENTS

ROGER W. BABSON

UNIVERSITY OF TORONTO



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Enduring Investments



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Enduring Investments

BY

ROGER W. BABSON

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527156

17.9.51

New York

THE MACMILLAN COMPANY

1921

PRINTED IN THE UNITED STATES OF AMERICA

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Set up and electrotyped. Published November, 1921.

Press of
J. J. Little & Ives Company
New York, U. S. A.

TO
ERNEST T. GUNDLACH

PREFACE

THIS little book is made up largely from notes which the writer jotted down from time to time after experiences of one sort or another. Some of the paragraphs are purely memoranda which he wrote at different periods for his own guidance,—in the form of a diary. Therefore, the reader can pardon the preaching appearance of the book by remembering that the author is preaching to himself.

He also desires to acknowledge indebtedness to Clarence N. Stone, George E. MacIlwain, Charles W. Wallour, Melvin L. Morse, and other of his associates for help in the preparation of the book. These men are all experts of the Babson Statistical Organization, and in a way the book is a composite opinion of us all.

R. W. B.

Wellesley Hills, Mass.

May, 1921.

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PART I

This is an economic discussion of the sources, uses, abuses, and dangers of wealth.

Different forms of stock and bond investments are considered with their relative degree of endurance.

ENDURING INVESTMENTS

CHAPTER I

HABIT AND THE ACCUMULATION OF MONEY

HARD work, honesty, good judgment, initiative, and other qualities are, of course, essential in the accumulation of wealth. Money may be secured without these essential characteristics, but men who do not have them either lose or spend their money after securing it. They seldom die rich. Statistics on failures illustrate this point most conclusively.

The getting of money is comparatively simple, but the accumulation of money is a very difficult thing. A great many business men make money in their own industry, but lose much in outside ventures and in what they consider investments. It is the accumulation of money, which includes the saving and the safe investing thereof, as well as

the earning, which is to be considered in this little book.

The following table shows the percentage of failures for four typical years, classified according to their principal causes. The table speaks for itself:

NUMBER OF FAILURES

<i>Failures due to—</i>	1915	1914	1913	1912
Incompetence	29.9%	28.0%	28.6%	30.2%
Inexperience	5.4%	5.6%	5.1%	4.6%
Lack of Capital	27.5%	29.4%	29.2%	29.7%
Unwise credits	2.4%	2.5%	2.6%	2.0%
Failures of others	1.0%	1.8%	1.9%	1.3%
Extravagance	.6%	.9%	.8%	.7%
Neglect	1.9%	2.2%	2.0%	2.0%
Competition	5.7%	3.0%	2.3%	1.9%
Specific conditions	18.9%	16.4%	15.3%	16.5%
Speculation	.4%	.7%	1.1%	.8%
Fraud	6.3%	9.5%	11.1%	10.3%
Total	100%	100%	100%	100%

LIABILITIES INVOLVED

<i>Failures due to—</i>	1915	1914	1913	1912
Incompetence	17.3%	13.4%	18.4%	26.8%
Inexperience	2.4%	1.9%	2.0%	3.0%
Lack of capital	28.4%	31.6%	24.9%	33.5%
Unwise credits	3.9%	3.2%	16.0%	2.6%
Failures of others	9.2%	16.7%	11.4%	4.9%
Extravagance	.6%	.6%	.6%	.9%
Neglect	1.0%	1.0%	.7%	1.0%
Competition	3.3%	1.2%	.9%	1.3%
Specific conditions	24.7%	19.8%	14.0%	13.8%
Speculation	2.2%	3.5%	2.7%	3.4%
Fraud	7.0%	7.1%	8.4%	8.8%
Total	100%	100%	100%	100%

IMPORTANCE OF THRIFT

Notwithstanding hard work, honesty, good judgment, and initiative, the habit of thrift is the basis of invested capital. Few people realize the great importance of thrift. Not only is it essential in the accumulation of money, but it largely determines whether a man is to be an employer or a wage worker. Let me illustrate what is meant by this statement:

A man who is naturally thrifty gradually accumulates money and is able to "take a chance" and go into business for himself when the opportunity opens. It may be to have a small store or to operate a great industry, but in either case he is his own boss, and an employer of men. If the statement is true that 5% of the people of this country are employers and 95% are working for others, this probably likewise means that only 5% have the habit of thrift. The man who instinctively saves, by spending less than he earns, however small his earnings may be, has the habit of thrift. Opportunities to go into business for oneself come to everyone sometime. Whether or not they can be accepted, depends on whether one

has a little money laid aside which he can put into the enterprise and whether he has enough to stake the family while the enterprise is getting on its feet.

The man who is constantly spending all he earns must always work for others. As the man who is instinctively thrifty automatically becomes an employer of others, so he who is instinctively not thrifty automatically remains a wage worker. When the opportunity comes for him to enter business for himself, he has no capital to invest, he has no savings laid aside to support his family during the unproductive period of the enterprise, and so he must let the opportunity slip by. Yes, the habit of thrift is the first step toward enjoying enduring investments. Furthermore, the habit of thrift is a "good" habit.

BASIS OF MOST FORTUNES

SYSTEMATIC saving is the basis of most large fortunes. By laying aside a small amount of money each week or each month and investing it in amounts of \$100, \$500, \$1,000, every man may build up a comfortable fortune. For example,

\$10 a week, put by regularly and invested every ten weeks, so as to return 6 per cent. interest, will amount to \$20,000 in a little over twenty years.

The following table vividly shows how small sums mount up into large ones in this way:

No. of years			\$5 a week	\$10 a week	\$25 a week
3	{	3% Interest	816.92	1,633.84	4,077.62
		4% "	827.26	1,656.51	4,138.62
		6% " BONDS	842.81	1,691.96	4,230.57
5	{	3% Interest	1,403.51	2,825.83	7,005.58
		4% "	1,432.50	2,875.39	7,183.86
		6% " BONDS	1,493.69	2,998.74	7,498.36
8	{	3% Interest	2,351.58	4,723.94	11,737.71
		4% "	2,435.17	4,894.66	12,228.81
		6% " BONDS	2,626.91	5,271.05	13,182.44
10	{	3% Interest	3,032.34	6,086.55	15,135.71
		4% "	3,190.22	6,380.47	15,940.95
		6% " BONDS	3,505.30	7,025.91	17,572.96
15	{	3% Interest	4,922.66	9,870.67	24,571.15
		4% "	5,378.75	10,757.50	26,615.80
		6% " BONDS	6,208.20	12,440.13	31,112.45
20	{	3% Interest	7,116.46	14,262.37	35,521.38
		4% "	8,009.30	16,018.60	39,628.37
		6% " BONDS	9,839.12	19,717.06	49,309.87

ARE GOOD HABITS ALWAYS GOOD?

Psychologists tell us, however, that it is very difficult to make an absolute dividing line between good habits and bad habits. What is food for one is poison for another and vice versa. Furthermore, what is a good habit at one time of life may be a bad habit at another time of life.

This especially applies to the habit of thrift. The habit of thrift is necessary for the upbuilding of an individual, industry, or nation, but like other good habits, it can be overdone. When the habit controls the man instead of the man the habit, it is a dangerous condition. The successful person is he or she who has a true perspective of life and who gives the proper amount of time, thought, and energy to the various factors in life proportional to their importance. He who overdevelops any one of the features making up life does wrong and suffers thereby. Does not this especially apply to those who have over-developed the habit of thrift?

Every young person should be thrifty. No young person should depend on inherited wealth. Every one should earn his own living and accumulate his own wealth and not in any way depend on parents or friends. On the other hand, one should not be controlled by the desire for money. Unfortunately this is not the case with many. The average man who has accumulated money through thrift is so controlled by the habit of thrift, that when he reaches the point where additional money

is simply a care, he is helpless. He cannot throw off that habit of thrift and accumulation. It has bound him and riveted him to the earth. He is like a prisoner, held in the clutches of this habit of thrift and accumulation. What was a good habit for him as a boy and a young man, often becomes a curse. Although he dies wealthy according to Dun and Bradstreet, yet he dies poor in the sight of God and his friends.

DETERMINATION NOT TO BE BEATEN

Thrift is not the only good habit to which many men owe their wealth. Another habit is the determination on the part of some not to be beaten and not to have advantage taken of them. This likewise is a good habit, so long as the man controls the habit. When, however, the habit gets the better of the man, then it becomes a source of danger rather than of protection.

I have traveled considerably with very wealthy men. I have traveled with them to examine great enterprises, mills, factories, mines, forests, water powers, and railroads. It has been interesting to note how these men will carelessly give away

thousands, yes, millions of dollars and yet will make themselves sick arguing about an over-charge on a hotel or carriage bill.

I once was traveling in Europe with the late J. P. Morgan,—a very generous and wonderful man. I remember his arguing for one-half an hour with a guide over a charge of a few dollars. It practically ruined Mr. Morgan's day and sent him to bed with a bad headache. Mr. Morgan insisted that a vital principle was involved and that it was up to him to fight it out. This is very true. An important principle was involved, but many other important principles were involved in very much larger transactions that Mr. Morgan did not feel called upon to fight. The truth was that he had formed from early youth the habit of insisting upon his rights and he could not break himself of the habit in his later years. The habit controlled him.

Every self-respecting man would rather give away a thousand dollars than be "done" out of one dollar. It is a good habit to "count the change," so to speak, and make sure that no carpenter, plumber, painter, or taxi driver takes ad-

vantage of us. But when we get obsessed by this habit and are made irritable or almost sick by having some one take advantage of us, then the habit ceases to be a good habit.

Some men are very easy with their children, while others are very severe. Some men are very easy with those who wrong them, while others are very severe. Both are actuated by habits rather than by principles. Personally, I am inclined to be severe and expect in others the same discipline to which I was subjected by my parents and employers. I sometimes wonder, however, if when coming to die, I shall be prouder of the times that I have forced others to settle against their will, or prouder of the times when they have got the better of me. This is not answering the question, but simply asking it. Every reader may answer it for himself.

The point is, we should realize that everything ought to be used with moderation. Everything has its uses and abuses. Every rule has its exceptions. Habits must be within our control and they must not control us. Yes, the determination not to be taken advantage of is quite essential in

the accumulation of wealth, but it is not essential in the accumulation of happiness. Quite the reverse is probably true. This is a psychological fact which should be most carefully considered in connection with the study of enduring investments.

DESIRE FOR POWER AND INFLUENCE

Nobody accumulates money for money itself. Money is of value only as it will give men what they desire. First, man desires a home and enough money to raise a family, to properly feed, clothe, house, and educate this family. Secondly, man desires to accumulate money so that when the opportunity comes to go into business for himself, he can grasp the opportunity. Most wealthy men, however, pass these two stages in the early part of their career. During the latter part of their career these men are actuated by the desire for power, influence, and those other intangible qualities that money gives.

When I was a boy, the church put a decided ban upon three things; namely, drinking, card playing, and dancing. I thought it was very foolish

at the time, but have since found that there was an economic reason for this; namely, because it is impossible for a man to be satisfied through drink, gambling, or yielding to the sex impulse. The more he has of these three things, the more he wants; the more he has, the less he is satisfied, until finally the ruling impulse of his entire life is whiskey, gambling, or women. The church said, "Let these things alone; beware of temptation; and do not let in the thinnest edge of the wedge." The church was right as far as it went, but it should have added one more thing; namely, the love of money. Money fails to satisfy, and the more one has the more one wants.

It is honorable for all of us to desire power, influence, and those other intangible assets which money gives, but they must not control us. After we get a certain amount, should not we begin fighting the habit instead of feeding it? God did not put us in the world to rule others. We can be just as selfish in our desire for power, influence, and fame as in more common and brutal ways. The desire for these things is legitimate up to a certain point, but beyond that point it is wrong. These

factors of power, influence, and fame which we so much crave, are often killing us instead of helping us and making us worth-while men and women. Certainly these factors are not the basis of enduring investments.

MONEY TO DO GOOD WITH

The fact that so many successful men are the sons of ministers is very interesting to the statistician. This is especially significant when one considers that there are fewer ministers than any other class of workers. There are many reasons why ministers' sons turn out so well. Probably the primary reason is that such boys inherit certain visionary qualities from the father and certain qualities of thrift and industry from the mother. Furthermore, such boys are brought up in a religious atmosphere which develops these and other fundamentals of success.

There, however, is a secondary reason for the success of ministers' sons which is quite important. Although they have been brought up in straightened circumstances, yet tastes have been created within them for the finer things of life. They

have associated with the best children of the community. Many of the boys with whom the minister's son plays go away to school or college, most of them having more than he has. He also usually goes to college. He visits his classmates at vacation time and sees them living in luxury, with servants to help in satisfying every want. At the end of his visit, the boy goes back to the little parsonage in which he was brought up and sees his mother struggling, making her own clothes, patching his and his father's trousers, working in every possible way to make both ends meet. Then and there he determines to go out into the business world and "make money" so that "mother" and *his* wife and *his* children will not have to struggle in a similar way. This is a worthy ambition and a great factor in the accumulation of money.

Many men start out to accumulate wealth with the idea of helping their families, endowing hospitals, sending young people through college, and doing other worthy deeds. These likewise are good aspirations so long as the aspiration is controlled by the individual. When, however, the

tables are turned and the man is so absorbed in the accumulating of wealth that he has no time to give to its distribution, then even this worthy object becomes annulled. No amount of money can take the place of a human soul, and this is what Jesus meant when He asked, "What shall it profit a man if he gain the whole world and lose his own soul?"

Jesus never criticized the accumulation of money for enduring investments. What Jesus criticized was the accumulation of money for *one-self*, "Lay not up for *yourselves* treasures on earth," said Jesus. He did not speak against laying up treasures. Jesus knew that the accumulation of money was essential for the providing of capital to build railroads, erect buildings, clear forests, and open up mines. He knew that as some men are naturally gifted in music, medicine, art, or literature, so other men are naturally gifted to accumulate money and become great bankers, manufacturers, and merchants.

Jesus never said that it is wrong to be a banker, manufacturer, or merchant provided one is in a business for the good of the community and not

for oneself alone. "Lay not up for *yourselves* treasures," Jesus continually said. "Be thrifty and accumulate, but do it in the best interests of your family, your friends, your neighbors, your community, your countrymen, and the entire world, that all may be healthier, happier, and more prosperous," is what He would recommend. By so doing one would make enduring investments which moths and rust would not corrupt and which thieves would not steal.

CHAPTER II

WHEN MONEY CEASES TO BE OF VALUE

ALTHOUGH not the founder of the Christian religion, a man to whom it owes much was that great traveler, lecturer, and writer named Paul of Tarsus. While other inspired teachers spread the gospel message in those early days, it was that hard-headed philosopher, Paul of Tarsus, who interpreted it in a practical way.

Paul continually insisted that theology, so far as it meant correct thinking, was all right; but it must not take the place of helping the widows and fatherless and keeping oneself unspotted from the world. Paul had a large number of parishes and different groups of people in different sections. Some were poor, some were rich, some were learned, some were ignorant. To no two groups did he interpret the gospel in the same way. He told the poor that the gospel meant that they should wake up and get busy; while to

the rich he said that the gospel meant to give up and help some one else get busy.

One of the most trying parishes which Paul had was his group at Corinth. Corinth was one of the chief commercial cities of that time. He had many wealthy, learned, and very devoted adherents at Corinth. These people were called the Corinthians, and Paul wrote a series of letters to them. These letters may be found in the Bible and are called First and Second Epistles to the Corinthians. These letters are worthy of the reading of any man, especially those who have accumulated wealth. One section of them, however, I am especially desirous of including in this little book. It is found in the thirteenth chapter of First Corinthians.

Some travelers from Corinth had been to call on Paul when he was staying in another city. They had told him of the devoutness of these Corinthians, how they were willing to give their bodies to be burned; how they were anxious to give all their goods to feed the poor; how they excelled in learning and yet how they seemed to lack the right spirit. They apparently had every-

thing that makes up life, yet they lacked life itself. After the travelers had gone, Paul sat down and wrote these Corinthian merchants, teachers, and church leaders a letter and this is what he said:

“Though I speak with the tongues of men and of angels, and have not love, I am become as sounding brass or tinkling cymbals.

“Though I have the gift of prophecy, and understand all mysteries, and all knowledge; and though I have all faith, so that I could remove mountains, and have not love, I am nothing.

“Though I bestow all my goods to feed the poor, and though I give my body to be burned, and have not love, it profiteth me nothing.

“Love suffereth long, and is kind; love envieth not; love vaunteth not itself, is not puffed up, doth not behave itself unseemly, seeketh not her own, is not easily provoked, thinketh no evil; rejoiceth not in iniquity, but rejoiceth in the truth; beareth all things, believeth all things, hopeth all things, endureth all things.

“Love never faileth; but whether there be prophecies, they shall fail; whether there be

tongues, they shall cease; whether there be knowledge, it shall vanish away.

"For we know in part, and we prophesy in part. But when that which is perfect is come, then that which is in part shall be done away.

"When I was a child, I spake as a child, I understood as a child, I thought as a child; but when I became a man, I put away childish things.

"For now we see through a glass, darkly; but then face to face; now I know in part; but then shall I know even as also I am known. And now abideth faith, hope and love, these three; but the greatest of these is love."

THE END VERSUS THE MEANS

Why is pure human love greater than all things,—courage, gifts, wisdom, sacrifice, fame, power, and property? The reason is that these things are only means to an end and that the end is love. At some time in our lives all of us have known that love was the end and have started out to seek it, but we have become lost in the wilderness. We soon found that in securing love, these material things were more or less necessary,—if not necessary, certainly helpful. Then we began

to seek the material things in order to have the where-with-all by which we could express our love. But the race for these material things became so keen that it absorbed all our attention and we ultimately forgot about the love that we were seeking.

A friend of mine was once very much interested in social movements. He preached, taught, and wrote of social problems. He led a simple life and was much interested in having every one lead the same life, with equal opportunities for all. He scored the idle rich, he criticized the waste of money on houses, servants, and equipage. He was truly a John the Baptist, preaching in the twentieth century; but although he talked against luxury, he had never tasted it.

He was a popular speaker and was invited about into the homes of the rich. He filled engagements in the large cities of our country. Alas! the "flesh pots of Egypt" were too much for him. Every time he returned to his simple cottage from these trips, the little place appealed less and less to him. He continually stayed away from home more and more, living in the gilded hotels of

the big cities and being entertained at afternoon teas in the homes of the rich. Finally, he began to spend more and more time in one especial city, and more and more time in one magnificent home in that city. The home was presided over by a wealthy widow who had a most attractive young daughter.

This is no place to give further details of the story, but from then on not only did his simple home no longer attract him, but his good wife and family lost their charms. A divorce was secured and one day in Europe he was married to this young daughter. The strangest part of it all is that he still talks and writes on socialism! In seeking the end he became infatuated with the means, and as a result lost all.

Every man of the world has seen similar cases. No one when starting out in business ever expected to let money get the better of him. He looked upon it only as a means of making his family healthy, happy, and independent. He then realized that the end is *life* and more abundant *life*, and not *things* and a great abundance of *things*. But there is something fascinating in

business which tends to make men forget that the end is really love, friends, and other intangible assets. The busy man loses sight of the *end* through being so absorbed by the *means*. The true assets,—love, friends, beauty, music, service, peace, and health,—are lost in the race for money, even though the money is sought simply in order to acquire those true assets.

OUR FAMILY NEEDS

Most of us love our children more than anything else in the world. After the final analysis, it is our children that we have most at heart and for whom we would give up everything else. These children serve to us as an incentive to work and labor, think and struggle in the early years of our business life. We are justified in wanting a certain amount of money to give them the proper education and the proper start, but after accumulating enough money to do this, do we then stop accumulating? No. We become so absorbed in the accumulation of money that we no longer think of our children's need. Many of us, if we thought only of the welfare of our children, would not accumulate another dollar. The average suc-

cessful business man has already accumulated more than enough for his children's good. Additional wealth will simply handicap them and tend to harm them rather than to develop them.

Every successful business man knows that his success is very largely due to the fact that he was obliged to struggle in his early days. This struggle is what developed him and made him the power which he now is. Yet he is doing all he can to make it unnecessary for his own children to struggle. Furthermore, he is surrounding them with temptations which may be their downfall. Many of us, if we had at heart only the welfare of our children, would not necessarily retire from business and stop making money, but we certainly would stop accumulating more money for our families. From now on our profits would either go to others or to the endowment of educational institutions, hospitals, and other community enterprises. In so doing we would not only be making enduring investments; but would be removing from our children something which would surely be a source of great temptation and which possibly might lead to their downfall.

EFFECT ON ONESELF

What is true regarding the good of our families is also true regarding the good of ourselves. A certain amount of money helps a man to be thought more of in his community and aids him in securing more friends. A large amount of wealth, however, is a handicap rather than an aid. When a man becomes conspicuously rich in his community he becomes a target of criticism, people become suspicious of him and he is not loved as he was in the old days. In most instances this is very unjust on the part of the community. It should not be so, but we cannot make people over all at once. The world is not so much influenced by logic, wisdom, and statistics as by jealousy, fear, and hate. It is an old saying, "The higher up in the tree the bird builds her nest, the easier it is for the crows to find it."

I was much interested once in attending some taxation hearings in a certain state capital. I went to the hearings with a purpose of speaking in favor of taxing *earned* income at a lower rate than *unearned* income. I believe that the self-made man should be taxed lightly, while his chil-

dren should be taxed heavily on what they inherited at his death. To my great surprise, the predominance of the sentiment was greatly against me. It was the self-made man, the man now alive who had accumulated wealth that most of the people were gunning for. The inoffensive residents of the state who were quietly living on the income of their ancestors, even though producing nothing themselves, were passed by. The few great captains of industry who had really developed the state were the ones that the community were anxious to tax. It was a case of plain jealousy. Yes, the average rich man would have more friends to-day if he had stopped accumulating years ago.

After all, is there any wealth greater than friends? Is not the richest man in the world to-day truly the man who is most loved? Is not the poorest man in the world he who is most hated? Faith, Courage, and Love are all essential, but the greatest of these is Love. Yes, Love is the most enduring investment even from a cold-blooded statistical point of view.

CHAPTER III

RICHES ARE NOT WRONG

NO; riches are not wrong. There is no greater mistake in the world than to denounce capital as something evil in itself. Whiskey is inherently a curse. Smallpox is an unalloyed scourge. These things are intrinsically bad. But capital is merely a neutral instrument that can be used for good or for ill. Capital is like an automobile. It can be employed to facilitate robberies and murders or it can take crippled children for an airing.

Failure to recognize this fact is the trouble with Russia. The Bolsheviks made criminal fools of themselves. They started to abolish riches as something reptilian. What happened? They smashed the factories that produced the necessities of life. They wrecked the railroads that transported these necessities. In wiping out capital and capitalists, the Bolsheviks wiped out their whole world. They sawed off the branch that supported them.

CAPITAL MAKES AND MAINTAINS CIVILIZATION

One difference between an animal and a man is that a man uses tools. One difference between savagery, barbarism, and civilization is that civilization uses the tool we call capital. It is this tool that has made our mills, water power developments, farm machinery, automobiles, telephone systems, railroads, buildings, and other essentials. Capital is the world's greatest invention, because it has made possible the application of all other inventions.

Economists have learned from statistics that there is a tendency for population to increase faster than the means of sustenance. Were it not for the power of capital, there would be no hope of supporting the 105,000,000 people now in the United States—and still less hope of supporting the added millions of the future.

WITHOUT CAPITAL THE UNITED STATES WOULD
STARVE

With the vast multitude now in this country, what could we do with the little old spinning wheel, grist mill, and cobbler's bench! Without the mar-

velous mechanism that has been constructed by capital, it would be physically impossible to provide the bare food, shelter, and clothing for these growing myriads. They would starve. It is just as easy to starve in the United States as in Russia or China. The reason our people are going to the motion pictures and riding in automobiles instead of succumbing to famine and pestilence, is because the United States has had the good sense to *use* capital instead of destroying it as in Russia, or ignoring it as in China.

Take a single illustration. The arid regions of the West have been transformed into fruitful farms by irrigation. Whether financed by the government or private organizations, irrigation and the other great works of civilization would be impossible without accumulated and mobilized wealth. Of course, capital includes more than mere money, materials, and labor of construction. Behind these gigantic projects are the perfected machinery, the studied methods, and the trained managers, evolved through generations.

Sometimes we forget how completely the achievements of capital have revolutionized the

world. I do not know of any description that brings this home to us more vividly than Kipling's fine poem on Modern Machinery. Indeed this might almost have been entitled "What We Owe to Capital." To the red orator and his soap-box denunciations of riches, the following wonderful verses give the practical answer:

We were taken from the ore-bed and the mine,
 We were melted in the furnace and the pit,
 We were cast and wrought and hammered to design,
 We were cut and filed and tooled and gauged to fit.
 Some water, coal, and oil is all we ask,
 And a thousandth of an inch to give us play:
 And now if you will set us to our task,
 We will serve you four and twenty hours a day!

We can pull and haul and push and lift and drive,
 We can print and plough and weave and heat and light,
 We can run and jump and swim and fly and dive,
 We can see and hear and count and read and write!

Would you call a friend from half across the world?
 If you'll let us have his name and town and state,
 You shall see and hear your crackling question hurled
 Across the arch of heaven while you wait.
 Has he answered? Does he need you at his side?
 You can start this very evening if you choose,
 And take the Western Ocean in the stride
 Of seventy thousand horses and some screws!

The boat-express is waiting your command!
You will find the Mauretania at the quay,
Till her captain turns the lever 'neath his hand,
And the monstrous nine-decked city goes to sea.

Do you wish to make the mountains bare their heads
And lay their new-cut forests at your feet?
Do you want to turn a river in its bed,
Or plant a barren wilderness with wheat?
Shall we pipe aloft and bring you water down
From the never-failing cisterns of the snows,
To work the mills and tramways in your town
And irrigate your orchards as it flows?

It is easy! Give us dynamite and drills!
Watch the iron-shouldered rocks lie down and quake
As the thirsty desert-level floods and fills,
And the valley we have dammed becomes a lake.

But remember, please, the Law by which we live,
We are not built to comprehend a lie,
We can neither love nor pity nor forgive,
If you make a slip in handling us you die!
We are greater than the Peoples or the Kings.
Be humble, as you crawl beneath our rods!—
Our touch can alter all created things,
We are everything on earth,—except The Gods!

CAPITALISTS ARE NOT SPENDTHRIFTS

You have probably been present at various gatherings where amateur Bolsheviks made speeches. You have heard rich men scolded or damned. The capitalist is portrayed as living on a scale of prodigal luxury, spending fortunes on

jewelry, fine clothing, costly food, and every other personal gratification. But these orators know little about their subject. There is probably not one socialist in a hundred who ever experienced a real friendship with even one rich man. As a matter of record, rich men are surprisingly frugal. It is not the rich man himself who squanders the fortune, but more often the rich man's son and daughter. These children we shall eventually curb by inheritance taxes or other suitable measures; but I seriously question whether the "old man" requires curbing. At most, he can eat only a limited quantity of food. Few rich men are inordinately fond of clothes and jewelry. Personal adornment is more likely to appeal to the laborer than the capitalist. It is the employee who yearns for the silk shirt, while the boss's idea of real luxury is to get into a woolen shirt and the old slouch hat.

THE BOLSHEVIST'S MISTAKE

The reason why the Bolsheviks depict the income-tax payer as squandering millions on personal extravagance, is because they themselves

would do so if given his opportunities. We cannot get away from the law of equal and opposite reaction. The reaction from carrying a hod is to run riot among the bright lights. The reaction from bossing a business is to go fishing or to weed the garden. As a strictly commercial proposition, I would rather undertake to board and clothe Mr. Rockefeller than any "comrade" in the whole of Russia!

It has been said that the test of intelligence is whether you can think in terms of percentages. The percentage of his total resources spent by the rich man on personal sustenance and indulgence, is remarkably low. With others than the rich, the percentage of total resources spent on personal sustenance and indulgence, is remarkably high.

The whole subject can be clarified by separating it into these two distinct questions: (1) Do the rich spend too much on living expenses? and (2) Is the concentration of business capital an evil or a benefit? In the vast majority of cases, the personal expenditures of the rich are not a cause for social concern except for the example involved. A few horrible cases have been adver-

tised as typical. They are not typical, but exceptional. The vast majority of rich men are too busy to squander money. Moreover, their deepest instinct is not to squander but to conserve. This is why they are rich men; were this not so, they would not be rich men but Bolsheviki. The following quotation from Horace Mann describes the situation exactly:

"However rich a man may be, a certain number of thicknesses of woolen or silk is all he can comfortably wear. If he has a dozen palaces, he can live in but one at a time. He can have the animal pleasure of eating but one man's rations. Hence, the wealthiest, with all their riches, are driven back to a cultivated mind for the real enjoyment of their money."

On the other hand, the waste of money by any one—whether rich or poor—is equally wrong and ostentatious expenditures cause many of our troubles.

CAPITAL MUST BE CONCENTRATED—NOT
DISSIPATED

In answer to the second question: The concentration of business capital is a benefit,—in fact, a

necessity. The rich man does not have the bulk of his wealth in houses, automobiles, and food,—but rather in railroads, factories, and farms, that are occupied and operated by others. The danger of wealth is not a question of amount but mode of uses. It did not need the colossal failure of the experiment in Russia to convince economists and statisticians that capital should be concentrated instead of dissipated. Capital is like steam; before it can do work, it must be concentrated. Nineteen people out of twenty waste wealth. The twentieth person invests wealth in useful enterprises. This twentieth person automatically becomes well off. In his hands, wealth functions for the good of the community.

The Bolsheviki refuse to see this. They have too many speaking engagements to spend any time on statistics. Statistics show that the dream of demobilizing wealth is ludicrous. Read King's "Wealth and Income of the People of the United States." He shows that if capitalists were stripped of all their resources of rent, interest, and profits, and if these were bestowed upon the wage workers, wages would be increased not over 20

per cent at the most. In other words, by shattering all investments and dividing the booty, wage workers might get a 20 per cent "raise"—momentarily. Then all jobs would be gone and all incomes would cease, for the next step would be to dissipate the capital itself. If the United States is to remain a going concern, capital must be mobilized—not demobilized. Even financial investments with only a temporary length of life are better than none at all.

CHAPTER IV

RICHES ARE DANGEROUS

ALTHOUGH riches are not wrong, they are, nevertheless, dangerous. They are dangerous to the man himself, dangerous to his family, dangerous to his community.

Wealth is a danger to the man himself when it tends to monopolize his attention. This, however, is not peculiar to wealth, but applies to the pursuit of other purposes. Art and music are likewise dangerous when they lead a man to forget commonplace business obligations, decent self-support, and the rights of family. Theology, golf, statistics, politics, philanthropy,—any interest may be dangerous if allowed to become an obsession.

Wealth may absorb a man's mind to the exclusion of health, happiness, and home,—and he may lose all three. He may lose his home through neglect. It takes more than money to support a

family. It takes love, thought, and time. There is poverty of soul as well as body. On this basis, the family of many a rich man has languished in a poorhouse.

THE COMMUNITY'S STAKE

The community also has a stake in all this. Riches are a danger to a community for many reasons. Chief among these reasons rates the power of example. It is lamentable that the rich should have so much influence in molding the principles and practices of all classes,—but such is the case. If you question this, mix with the people of any town—large or small—and find out their real feelings when not talking for publication. Note the salesman in the store, “This is what the Ownitalls buy.” Listen to the proud mother, “My boy is a great chum of Harold Heir.” The rich man has a prestige beyond anything to which he is entitled. This intangible power imposes upon the wealthy a heavy obligation and becomes for the community a very definite danger until carefully used. If I may offer a mixed motto:—
“Wealth oblige.”

THE RICH SET THE PACE

More specifically: In any community the pace is set by the people of greatest wealth. Woe to a town, therefore, if its rich families—at least a few of them—do not have the good sense to set sane standards. “Doesn’t it make you disgusted to see the Bluffers trying to put on all this style, when nothing of the kind is even thought of by the Solidsets, with a hundred times the income?” “I say it won’t hurt our Willie to take care of the furnace, if the Realstuffs think their Ralph isn’t too good for such work.” In every locality there are hundreds of intelligent families who need only a little sanction of this sort to stiffen their spines and give them an excuse for the exercise of common sense. But if Mrs. Solidset ever puts a cut glass vase in the sedan or the Realstuffs get a lap-dog—the city is taken! Wealth is a potential danger of the gravest sort because it enables the possessor to give the community a pattern.

The writer started in business with no capital. Both in the office and at home, it took careful planning to meet expenses. He knows from personal experience the incessant pressure that is

put on people of limited income to over-buy. Within recent years the business has grown to a point where the income is equal to all reasonable demands. He now knows the temptation to go his own way regardless of the reaction upon others.

WEALTH IS DIRECTOR OF LABOR

More obvious—and therefore less to be feared—there is another danger. Wealth is a power to control labor. With \$50,000 at hand, I can set labor to erecting a mill—provided there is no strike in the building trades. Or I can summon a gang to grade my lawn. I can put people at work decorating china, raising chickens, printing Bibles, studying microbes, excavating ruins, operating farms, embroidering garments. In fact, my \$50,000 will make people do almost anything under the sun. What infinite chances for error! What if I order my forces to butter parsnips when, for the good of society, they should be building bridges?

In the long run, of course, the abuse or the mistaken use of wealth is self-limiting. If I invest in an unrequired line, my capital is soon gone;

but while it lasts, \$50,000 can do considerable damage. Therefore, the great responsibility of making only enduring investments.

A TRUE PERSPECTIVE OF VALUES

Statistics have taught me a good many things. Statistics have taught me to take care of my health. Statistics have helped me in buying and selling. By statistics I have learned in a small way how to influence others. Recently, statistics have been changing my views as to the relative importance of the different phases of life. Statistics have changed my opinion regarding many things, including theology. The Bible now is to me a treatise on economics and psychology as well as a book of spiritual truths.

When studying the life of Jesus one is not impressed with that need of self-sacrifice which has been so prominently emphasized in the past. One even fails to find that Jesus used either the word "selfish" or "unselfish." Apparently Jesus appealed to His hearers to be long-headed and far-sighted. It was their short-sightedness to which He objected. He wanted His followers to look through to the finish and see what the ultimate re-

sult would be of certain courses of action. Jesus' great purpose in life was to get people to have a true perspective of values,—to know what is really worth while and what is not.

It makes me impatient to have people refer to Jesus as a "poor and wandering carpenter's son." If you have any doubt as to Jesus' ability to make money, if He so desired, just read the story of His taking money from the fish's mouth, the story of His multiplying the loaves of bread so as to feed five thousand, the story of His turning water into wine, or the story of His calling His disciples to cast their net on the other side of the ship. Even those who question whether these things ever happened, must admit that the people thought they happened. Any man who could so impress the people regarding material things, could have become a great leader in finance, industry, or politics. If Jesus was poor in worldly goods, it was not because He could not make a business success. Jesus recognized the fact that when one gets enough to eat and wear and a place to live, "things" then lose their value. He realized that the enduring investments of life come first from

a development of man's spiritual nature, and secondly from doing things which promote the health, happiness, and prosperity of others.

RICHES NOT A PASSPORT TO HEAVEN

It is true that many church men are already too keen for material things. The church is now too much allied with property, wealth, and prosperity. Money has its place, but its place is simply a means to an end and should not become an end in itself. Money is just like food, clothing, and sleep. A certain amount of it is necessary; but after one gets a certain amount, any excess is a care rather than an asset. If the leaders of the Church will put their emphasis on Matthew 19:24, instead of on the need of money, all will go well. Statistics show conclusively that Jesus's teachings regarding wealth are sound. Most business men who have acquired riches will freely admit it.

While attending a certain Layman's Church Conference in Pittsburgh, I was invited to luncheon by a prominent Cleveland business man. As a guest he had with him the Secretary for Re-

ligious Work of the Cleveland Y. M. C. A. The question arose as to how to interest the wage workers of the country in the Church. Also how to re-create in these wage workers a desire to produce and to take joy in service. I stated that this could be done only when we Christian business men, who could afford it, would make a real demonstration of public service from the employers' standpoint. I suggested that we could operate our industries as a public trust the same as we do our library associations, hospital boards, and charitable institutions.

CAN A THOUSAND RIGHTEOUS BE FOUND?

The answer was made that if any one business man did this at the present time he would be severely criticized by his associates and perhaps would be misunderstood by his wife and children. This probably is true, but would it be true if a large group did it? If a thousand manufacturers and merchants, with a gross business of a billion dollars a year, should agree to use their profits as some impartial commission might deem best for the community, I am sure that none of these thousand men would be criticized. Instead, I believe

that they would go down into history like the signers of the Declaration of Independence. They would do for industry what our forefathers did for democracy.

Statistics show clearly that to-day we have gone crazy over material things and have forgotten that the real joys of life come by other means. This applies to employers and wage workers, to men and women, to all races and nations. Something spectacular must be done to bring people to their senses in order that they may think along better lines. Although this suggestion was made simply offhand, at a luncheon in Pittsburgh, may there not be something in it?

The masses must see with their own eyes that those of us who own the bulk of the industries have the good of the community at heart and are not simply operating these plants for personal profit. Furthermore, as more of us get this bigger vision our investments will be most enduring in a practical, as well as a spiritual sense. Statistics show that the lack of this vision on the part of investors is responsible for a large percentage of the losses.

CHAPTER V

MEN VERSUS GOODS

THE real great question facing America is, what is the purpose of America? Why was America founded and what is America's mission? Does the strength of America lie in the developing of material things or the developing of human beings?

PROPERTY OR PEOPLE

Although many adventurers came to America in the early days in search of *things*, the real settlers came for the opportunity of self-expression and freedom in development. They were not primarily interested in cutting down forests, developing mines, or catching fish. Their chief assets were their children, and it was to bring up these children in the way they should go that the parents came to America. Furthermore, this applies to the Catholics who settled in Maryland and to those who settled in Virginia and other southern

states, as well as to the Pilgrims who settled in New England.

As the nation became more prosperous, we began to lose sight of our original purpose; namely, the development of *men*. We became absorbed in the development of *things*. We forgot that our ancestors came to America to give little children a chance. Instead of giving them a chance, we thrust them into mines and mills. We made property of more value than human life, and industry of more importance than spiritual growth.

In the early days, the white-steepled church on the public green was the most important edifice in the town, and the preacher at the church was the leading citizen of that community. As wealth increased, a great factory building became the most important structure and the president of the bank usurped the place of the preacher. This is not said in the way of criticism. Such a trend is only natural, and all of us have done our part in this turning from the faith of our fathers.

SWING THE PENDULUM THE OTHER WAY

Just because we have gone far in the wrong direction, this is no reason why we should not stop

and get started in the right direction again. The same conflict between men and goods rages to-day in the United States as raged in Europe centuries ago when America was founded. There is no reason why we should not free ourselves from existing circumstances as did our forefathers in the olden days. Most of us started out by being interested in man. In the heat of the economic struggle we have forgotten man. We are striving now only to increase output, develop foreign trade, build up bank deposits, and make our cities bigger and busier. But we know that the bigger and busier our cities become, the more filth, the more sickness, the more crime, and the more unhappiness may be generated. Yes; we, like our ancestors, are faced with the question whether henceforth we shall seek to develop men or develop industries.

NO PLACE FOR SENTIMENTALITY

Do not think that these words are written from a sentimental point of view. They constitute no brief for socialism, unionism, or any of the other isms that are supposed to benefit humanity. All such institutions have a common character. They

are useful to a certain extent; but as they become big and powerful, the good is lost sight of.

Labor unions, for example, started with the best of intentions to put a greater value on men than on things. As these unions increased in power, however, some began to discourage industry, initiative, intelligence, incentive, and even, in some instances, integrity. A few put a premium on indolence, indifference, inefficiency, and the like. When this point is reached, the labor unions cease to be a factor in the developing of men and actually result in retarding that development.

Every right-minded citizen must back up the Government in its determination to maintain law and order. Even if the wage workers have a real grievance, this does not atone for crime. Wage workers as well as employers should be servants of the entire community and not of any one group. But something more than legislation and soldiers is necessary to keep them such. We who give employment must act in a way that will command the loyalty and respect of our employees. Wage workers are loyal to us only as we are loyal

to them. Our employees trust us only as we trust them.

WHAT BOTHERS ME

During a certain labor trouble, I went into one of Boston's largest banks with some securities. Marching up and down in front of the bank were soldiers with rifles. Not only that, but a negro porter sat in a chair within the door with a belt of cartridges carelessly put around his neck like a string of beads. Everything was guarded as if this were the most sacred spot in America. After leaving the bank I visited a Washington Street jewelry store, in order to exchange an electric lamp. Here the same procedure was going on, though on a smaller scale. Guards were walking back and forth with guns on their shoulders and belts full of cartridges. Mind you, one should not criticize these soldiers. Most of them were serving at distinct personal sacrifice. They were simply obeying the law.

PROPERTY PROTECTED; PEOPLE NOT

On my way home I went through Cambridge. On the corner of a street was a group of people.

It was necessary to slow up my automobile, owing to the congestion. I inquired the cause of the trouble and learned that a poor family was being evicted from its home. The landlord had raised the rent and the family was put upon the street,—a mother with several children and an old grandmother. It was a sad sight. Upon reaching the office, I took up the day's mail. The first letter was from a woman inquiring of me the whereabouts of a certain man who had got her daughter into trouble. The particulars she gave in her letter were very harrowing.

As I sat in my office that evening the theory of the Bolshevik came into my mind. For the first time I momentarily caught his grievance,—that the government is organized to protect property rather than people. No soldiers were in Cambridge to protect that poor family which was being evicted from its home. No armed force was ready to guard that girl and her mother from devastation by a well-known man. Little heed is given to the security of souls. But when *banks* or *stores* are threatened, the entire State Guard of 7,000 men is immediately called.

This is not hasty fault finding. I realize the answer to this paradox of property and people is that soldiers fulfil the law. The law has been enacted to protect banks and jewelry stores to a much greater extent than to protect widows and their daughters. We cannot blame the minions of the law. We cannot blame the legislators. They are simply enacting the will of their constituencies. The blame is ours, and ours alone. You and I have set up a code of laws under which property and capital receive greater respect than health and happiness. But unless this is changed there will be a reaction that will wipe out the investments of many of us.

The Scriptures tell us to place important things first. We have not done it. We have placed important things second. I believe that this is the cause of the radical movements of to-day. Only as we rectify this maladjustment can Bolshevism be curbed. In any city where a telephone call from a poor widow's home will receive the same attention as a telephone call from a prominent jewelry store, there will be no growth of Bolshevism. Let us seek to bring about such conditions

in our own communities. Let us not destroy or diminish any of the defences of property. Property is simply the stored-up labor of humanity. But let us have equal safeguards for humanity itself. Let us get behind those who are interested in making human life healthier, happier, and more productive.

What applies to the poor widows and children applies also to the small merchant and business man. Here is another relatively defenceless class that should be protected if our investments are to endure.

LOWER THE BUSINESS DEATH RATE

The following statement of a Committee of the Governors of the various states of the Union should be hung in the office of every banker, manufacturer, and merchant. This statement does not mean that we should attempt to hold up prices or otherwise interfere with economic laws; but only that we, as communities, should try to prevent business failures. As we have a fire department to prevent fire losses and a health department

to prevent sickness, so we should unite to prevent unnecessary losses in business.

"Let every individual do all he can to help and encourage his neighbor. Let there be a complete mobilization of the financial and spiritual assets of every community. Neither God nor the Government ought to be asked to help those who do not first make every effort possible to help themselves.

"There ought, however, to be a united effort in every community to keep any good man and woman from being destroyed because he cannot immediately meet his obligations. Under existing conditions it would be the acme of inhumanity and of unwisdom to force any debtor into bankruptcy if by the most liberal indulgence he would ultimately be able to pay.

"Liberal indulgences and renewals should be granted by the manufacturers to the jobbers, by the jobbers to the merchants, by the merchants to the individuals. It is no time for a creditor to seize his debtor by the throat and savagely say: 'Pay me what thou owest.' "

The same trend of modern business thought is

illustrated by an editorial which appeared in the *Boston Herald* of January 31, 1921, entitled "Is Bankruptcy Finding a Substitute?" It is encouraging to find this new attitude voiced in the press. The editorial is substantially as follows:

Through the federal reserve system, as a means of extending credit, our bankruptcy practices are undergoing an undoubted modification. Just as the conventional lawyer is supposed to be technical, so the conventional business man is supposed to be a believer in "succeed or smash." A cartoon hanging in many offices shows the creditor as a burly blusterer lording it over a pallid, hopeless debtor. It is impossible to imagine friendly co-operation between the two figures in this cartoon. But unless there has been a great deal of such coöperation, the critical period of readjustment would have been a financial smash of no mean order.

The truth is that the conventional idea of the creditor is far from accurate. Satisfying as the crash of bankruptcy may be to the vengeful ear, business men who are long-headed as well as hard-headed realize that in many cases an extension of credit to an honest debtor will do much more toward filling their pocketbooks. Under our old credit system the practical application of this principle in times of stress was very difficult. Now the federal reserve system by giving centralization and much needed elasticity is helping forward a great change. Largely through its aid banks and creditors' committees are able quietly to carry along dozens of distressed business concerns, although they know that it may take months or even years to get debtors on their feet again.

The tendency toward a modification in the practice of bankruptcy will disappear. We shall always have ven-

tures so unwise or unfortunate that the potter's field is their best resting place. Neither can we expect to abolish the over-impatient creditor or the over-recalcitrant debtor. But business is waking up to the fact that where there is something worth salvaging a "private failure" is immensely more economical than the ostentation and expense of a court funeral. More important still, the realization is growing that it is sheer economic murder to throw into bankruptcy a useful concern which may be privately revived.

It is with business in the class last referred to that we are particularly concerned. It is impossible to prove how many such failures are now being kept out of the bankruptcy court. Examination of the confidential files of half a dozen banks would tell an interesting story. But publicity is no feature of the new practice. Creditors who are pulling a "private failure" out of a hole rarely desire to hurt their debtor's reputation by advertising what they have done. Yet, even if figures are lacking, a talk with almost any banker will afford evidence of the general desire to grant reasonable coöperation in the liquidation of indebtedness. This attitude has enabled us to weather the troubles of the past. A continuation of the attitude during the future will be of the greatest value, not only to individual commercial concerns, but to the whole structure of business.

CHAPTER VI

GETTING SOMETHING FOR NOTHING

A LIFETIME of work with investors has impressed me with the prodigious losses that result from the trying to get something for nothing in the realm of speculation and investment. Everybody is complaining about taxes. Statistics show that by saving the money annually contributed to crooks and incompetents, confidence men and blue sky operators, bunco steerers, and business imbeciles—with this huge sum conserved—no other taxation would be necessary. Incidentally I would recommend for the consideration of Congress, a bill providing that for every dollar which a person loses in get-rich-quick schemes, he should be assessed another dollar as tribute to the government. All other taxes to be abolished.

But what I have in mind now in speaking of this apparently unquenchable desire to get something for nothing, is not so much the financial as-

pect as the spiritual. For instance, we usually think of the Biblical account of Ananias and Sapphira as the classic example of the liar. Dr. Lavelle, former U. S. Minister to Guatemala, has pointed out, however, that the real significance of this story is the sin of trying to get something for nothing. The story as told in Acts 4:34-37 is as follows:

“Neither was there any among them that lacked; for as many as were possessors of lands or houses sold them, and brought the prices of the things that were sold. And laid them down at the apostles’ feet; and distribution was made unto every man according as he had need.

“But a certain man named Ananias, with Sapphira, his wife, sold a possession, and kept back a part of the price, his wife also being privy to it, and brought a certain part, and laid it at the apostles’ feet.

“But Peter said: ‘Ananias, why hath Satan filled thine heart to lie to the Holy Ghost, and to keep back part of the price of the land? Whilst it remained, was it not thine own and after it was sold, was it not thine own power? Why hast thou

conceived this thing in thine heart? Thou hast not lied unto men, but unto God.'

"And Ananias hearing these words fell down, and gave up the ghost; and great fear came on all them that heard these things. And the young men arose, bound him up, carried him out, and buried him. It was about the space of three hours after, when his wife, not knowing what was done, came in.

"Peter said unto her: 'Tell me whether ye sold the land for so much?' and she said, 'Yea, for so much.'

"Then Peter said unto her: 'How is it that ye have agreed together to tempt the Spirit of the Lord? Behold, the feet of them which have buried thy husband are at the door, and shall carry thee out.'

"Then fell she down straightway at his feet, and yielded up the ghost; and the young men came in, and found her dead, and, carrying her forth, buried her by her husband. And great fear came upon all the church, and upon as many as heard these things."

To quote Dr. Lavelle's commentary:—

"Now, that is the story of a conscienceless and

shrewd attempt to get something of value for less than it was worth. A certain honor was attached to this deposit in a common fund from which the need of every one was to be supplied without discrimination. Those who deposited much, those who deposited little, and those unable to deposit anything were to be helped. No distinction was to be made between those who sacrificed everything and those who had nothing to sacrifice.

"You do not have to approve this primitive effort to create a practical sort of communism, or even agree that such an attempt toward the economic solution of the problem of living was either wise or possible, in order to appreciate the spirit of brotherhood that marked those who sacrificed their worldly possessions in this wholly unselfish way. Neither is it difficult for us to understand how those who made the sacrifice would regard those who were not willing to make it, and how utterly they would loathe everybody who would, by some dishonest and fraudulent scheme, attempt to compass the honor attached to the sacrifice.

"This is what Ananias and his wife attempted to do. They were unwilling to go without the honor, but they were not willing to pay full price

for it. They 'kept back part of the price.' They desired to stand on the same level with their fellow-disciples, but wanted to do so at a lower and a cheaper rate. It was not only an attempt to practice a fraud on their brethren, it was more and worse than that. The apostle characterized it as an attempt to practice a deliberate fraud on God. Nobody can do that successfully; and the record declares that the two who attempted to perpetrate this fraud were overtaken by a disastrous and well-deserved fate.

"Even in the material world it is a difficult thing to get something for nothing. It is done sometimes, although the effort to do it commonly fails. But in the moral and spiritual world it is not possible to win values without paying full price for them. You cannot get them at a discount, under their value. There are no auction sales where moral values can be bought below cost, or above it."

WILL YOU PAY THE PRICE?

Many a man in business is eager to put persons above things, but is not willing to pay the price. He is not willing to reorganize his sweat-

shop or his sweat-store so that human beings may work therein in health and happiness. He attempts a short-cut to grace and glory by donating a drinking fountain to the town. Other men have tried to shade the price by proffering playgrounds, welfare work, profit sharing, and other partial payments. All these are excellent; but they are incomplete. The full price and the strict terms require the complete subordination of things and the complete elevation of men. There is no short-cut to enduring investments.

ENDURING INVESTMENTS THE SAFEST

Statistics show that the investments founded on Christian principles are the safest and that the Ananias kind are the most risky. Instructors in the economic and financial departments of our universities and colleges are making a great mistake in giving so much attention to the statistical side of investments and so little to the moral or ethical side. Yet, the latter features are infinitely more important. The world is ruled by *feelings*, not by *figures*. The real security for our investments depends not on property, but on the integrity of the people. The bonds, stocks, mortgages,

and bank books in our safety deposit boxes are valueless in themselves. Their real value is the integrity, faith, thrift, and purposes of the people. This is very evident when one considers that the great bulk of the securities are owned by only about five per cent. of the people while ninety-five per cent. own very little. Yet only fifty-one per cent. are needed to confiscate all debts and make our bonds, stocks and mortgages valueless.

But the attitude of the masses is not the only ethical factor to watch when considering enduring investments. A corporation whose officers are not God-fearing men may be in as critical a condition as if it existed in a community of Bolshevists. The securities of either class of corporation are far from enduring investments;—in fact, they are very risky investments. The securities of corporations with selfish or Godless men in control—men who can think only of themselves regardless of the rights of others—are the risky securities and cannot be recommended as enduring investments. These are the corporations which have labor difficulties, contract cancellations, law suits, stock exchange corners, and similar troubles.

MUNICIPAL BONDS

I have instructed my family to invest only in municipal bonds after my death. Why? Because they are "savings bank investments"? No, most assuredly not! Some of the most popular of the savings bank investments such as the bonds of the New York, New Haven & Hartford Railroad Company have suffered the greatest declines. This was largely because the New York, New Haven & Hartford Railroad failed to perform the required service to the community through which it ran. It is the element of service which determines security.

My family is instructed to buy municipal bonds because the money paid for them is used for permanent improvements which benefit the whole community. New schoolhouses, better roads, improved sewerage systems make all the people healthier, happier and more prosperous. Hence, the bonds sold to provide the money for these things are the safest bonds to buy. Thus, municipal bonds are far more enduring than corporation bonds. Moreover, to the extent that the money received by the Federal and State Governments is used for

good purposes (and not to fatten the pocketbooks of political profiteers) ; so are "Liberty" and state bonds likewise a form of enduring investments.

FIGURES VERSUS ETHICS

Security, statistically speaking, depends upon a true value of assets owned by the debtor, applying these first to the payment of bonds and other liabilities, and then to the outstanding stock.

Yield, in the case of stock, is the amount of dividend per share, divided by the actual investment per share. In the case of bonds, there is an addition to this "annual return" which recognizes the present worth of the gain in receiving par at maturity in the case of a bond bought at a *discount*; or the loss in case the buyer pays a *premium* for the bond.

Marketability is a factor which no investor can afford to neglect, no matter how great the security, nor how satisfactory the income. Without the assurance that the issue is known in some market where there is a resale demand, the owner is in the position of the holder of an annuity and not that of an investor. His principal is not at his disposal, however much he may desire it.

There is an additional group of conditions affecting investments that we recognize as the Ethical Factor. These influences are not easily reduced to figures nor deducible from current balance sheets, but they have their effect.

Why did the keenest analysts advise purchase of railroad bonds at a time when statistical data indicated the worst showing in their history? Because they saw we had reached for the first time recognition, in principle, at least, of justice in relation to railroads, of the right of capital invested in the property to a fair return, of the right of labor to a fair wage, and of the right of the public to fair service at the lowest possible cost. Why were industrial issues a sale at the very time that their earning statements were the best in all history? Because at that time our entire industrial life was being conducted in a spirit of unfairness and injustice. The general attitude of the worker, of the manufacturer, and the merchant was for each to get all that he could without any consideration of the service rendered in return. The inevitable result was the "buyers' strike" which carried down some of the worst offenders in industry into the ruin of their own making.

When an investment is being considered, more important than the figures on any corporation are its relations with employees and with the public, the honest performance of contract, and a reputation for good faith and honor. These are the things which make up the Ethical Factor. Statistics show that a worthy purpose of issue and a righteous management form the bases of an enduring financial investment in the stock or bond class.

CHAPTER VII

RETIRING FROM BUSINESS

ONE of the world's greatest manufacturers of automobiles puts in the hands of each owner a book of instructions. In a prominent place in this book, is printed in boldfaced type the following impressive warning:

"More motors have been ruined by racing while idle than have ever been worn out in actual driving under load."

In this respect, men are much like motors.

You have heard people say:

"I have given the world long years of faithful service. Now the world owes me a little life of leisure. I have earned the right to retire. I claim my reward."

Is this the sensible point of view? A man is designed to operate under load. Remove the load and he fails to function. One sees this demonstrated repeatedly. Often one hears that some grand old man has relinquished the burden to younger shoulders. He intends to busy himself

with minor activities, or perhaps to travel. The next thing one hears is that he has set forth upon his last journey.

STAY ON THE JOB IF YOU WANT TO STAY ON EARTH

Retirement seems to have two malignant reactions. First: Accustomed by long years to a certain regimen, the body cannot successfully readjust itself to new modes of life, and perishes in the attempt. Second: When no longer claimed by outside affairs, the mind turns inward upon itself, with lethal consequences.

So one wonders whether retirement is a goal or a—sentence! Certainly until adequate statistics have been collected and the whole subject has been explored scientifically, no one can afford to contemplate this step lightly. A physician who has had unusual opportunities to observe men in business, tells me that retirement is a distinct shock to the system and attended by profound physiological and psychological reactions. One of my associates who is active in church work has examined the records. He advises me that they show a marked tendency toward rapid decline among clergymen who have been superannuated.

We have seen many a good man round out his period of service. We have seen him reach for retirement as a reward,—only to receive his final reward. Superstition, if you like, but I am not ambitious to throw off the load and run idle. It is very possible that the wages of retirement is death.

To brighten these rather gloomy ponderings, shall we dismiss the topic by recalling the familiar but still serviceable story of the weeping ancient? A wayfarer, so runs the comedy, came upon an exceedingly ancient man weeding a garden. He was old beyond all description, aged to excess; and as he weeded, he wept. Alike amazed at his advanced years and puzzled at his tears, the wayfarer ventured:

“Venerable sir, why do you weep?”

Still continuing his weeding, the ancient made answer:

“Please, mister, because this morning before I went to work my pop gave me a licking.”

“Your pop!” gasped the wayfarer, “Licked you! And what for?”

The ancient wiped a dimming eye with the corner of his flowing beard.

"Because," he sniffed, "I wouldn't help grandad with the chores."

No thought of retirement here!

PREMATURE RETIREMENT

There are two types of retirement that seem especially to be deplored. There is first the premature retirement. We can excuse the gradual retreat of the aged, but what apology can be found for the man who retires from business at the full height of his strength and abilities? Having made his pile, he quits the game. This man is a plain slacker. The very action confesses that his dominant aim is not service but money alone. When business ideals and ethics become more fully matured, public opinion will deal with a man of this stamp. He will be court-martialed at the drum-head of publicity. He will learn that in peace, no less than in war, the world has no use for the deserter.

The second flagrant case of retirement is that of the man who leaves business at a ripe age but with the intention of doing no more useful work of any kind whatsoever. He resembles the inhabitants of the fabled town. "What do people do in this town?" asked the tourist. "Well, some

of them set and think," replied a native, "and others just set." Any man who looks forward to unalloyed idleness is but dreaming of death.

COWARDLY TO RETIRE

There is no paradise for non-producers in this world, and perhaps not in the world to come. Whether rich or poor, the parasite is a pest. Thousands of people imagine it would be a grand and glorious feeling to knock off work and just loaf. But what happens when you get laid up and are compelled to loaf? Once the disability has passed and you are feeling like yourself again, there comes an actual hunger for activity. "Rest?" roared one of our philosophers, "have we not all eternity in which to rest?" Life is activity. Always, we should be busy with good works. A business man does the cowardly thing in quitting a business as soon as he gets enough for himself. He ought to continue in business, but have for his goal the good of the community and his employees instead of the further accumulation of personal profits. When he does so, he begins to get the real enjoyment of making an enduring investment.

RETIRING AND REFORMING

There is another side to this question of retirement, more significant than the personal phase. It refers to and includes a certain type of business man to whom "retire" spells "reform." To such a man, retirement means—consciously or unconsciously—the swing from getting to giving, from labor to love, from preying to praying. In other words, to retire from business implies a fundamental shift in all of life's values. Herein lies the real sin.

After all, there is probably no great gain or loss to the world at large, whether you or I add or subtract a paltry decade or so in our declining years. Longevity is not a measure of achievement. Idiots attain to incredible ages. No! The issue is more than personal. What counts with the world about your living and mine is not *How Long* but *How*—how we live the great active span of life. Shall we remain business cave-men during the period of our maximum endeavor, postponing all else until we retire? Or shall we follow exactly the opposite policy of building a business from which it shall not be necessary to retire in order

to find the better things? This is what counts—with reference to society.

THE BUSINESS CAVE-MAN

Reducing the general principle to specific examples, here is Mr. A., the business cave-man. For forty years he has sweated his workers. The output of his factory is tremendous—lots of merchandise, also lots of human wrecks and ruins. He is looking forward to the time when he will retire. In his mind is the project of building a great hospital at this time, which shall serve as an offset to any damage that he may have caused. Or it may be that he has in mind the gift of a library—upon his retirement—which may counter-balance the years in which his slave-driving has deprived men and women of even the opportunity for reading.

With another man, in this same class, post-retirement activities may take the form of study, touring, the collection of objects of art, or similar cultural projects. Meanwhile, his plant and environments are destitute of all beauty and devoid of all culture. These specifications of Mr. A's life might be amplified indefinitely, but from

these brief hints I think you will have no difficulty in forming a mental photograph of this man.

REFORM AT THE BEGINNING, NOT AT THE END, OF
YOUR BUSINESS CAREER

On the other side we have Mr. B. who has no thought of retiring from business. In the back of his head there are no pretty pictures of future hospitals, libraries, and other elegancies of leisure. His life is so bound up with his business that the two are felt to be a unit. He realizes that his worth to the world will be measured by this single standard and in consequence he builds accordingly. His contributions to the cause of health are made in the form of wholesome working conditions. His share in increasing the world's happiness is contributed in the form of giving men and women opportunities for a happy day's work. Reading and refinement are not withheld from the present generation of workers with an idea that these benefits will be given to some future generation of workers. The good he does is done here and now, rather than postponed until he can retire.

This attitude and policy are not limited to his

employees, but are extended to include the two great classes, namely; first, his customers, and second, those from whom he purchases. The idea is now pretty firmly established in business that service should be given to customers and that a transaction which does not benefit the customer is in the long run a transaction that cannot benefit the concern. But we are still very far from having learned the corollary lesson that it does not pay to injure those from whom we buy our goods. For the man who is looking forward to retirement, principles of this kind may seem too new fangled for actual practice, but the man who knows that his record is being made during his business life rather than afterwards, sees all these things in a very different light. Moreover, Mr. B. does not look upon his business merely as a ladder by which he alone may climb up. He does not look forward to some distant day when he will contemptuously kick down this ladder, loaded with the men and women who have helped to put him where he is.

The above sections had been written when one of my manuscript readers made the suggestion

that instead of naming my characters "Mr. A." and "Mr. B.," I should use some other letters of the alphabet, because "Mr. B." might be taken as a complacent reference to myself. I was about to make the suggested change, and then thought:

"No, let it stand. It's my creed if not my record."

"A MAN'S REACH MUST EXCEED HIS GRASP"

Doubtless in our own organization we have fallen short of the ideal sketched above as Mr. B's business career. Nevertheless this represents a standard toward which we have sincerely struggled, and it shall remain as a statement of faith at least, however far from a literal chronicle.

The proposition, then, is simply this. A man's basic attitude toward his work has a most profound influence upon the direction and character of that work. If his program is split into two parts, business and post-business,—then his business career is inevitably cheapened and degraded. There is always the feeling that for any questionable practice indulged at present, he may give recompense during the period of retirement. There is always the hope that he will be judged by the

double standard,—in one light as an *active* business man, in another light as a *retired* business man. There is always the delusion that the public may let the good works of the future Dr. Jekyll repay the mischief wrought by the present Mr. Hyde.

BUILD A BUSINESS WORTHY OF YOURSELF

The other basic attitude strictly and perpetually identifies the man with his business. For better or for worse he is to be judged by the work of to-day. There is no future period of atonement. It is now or never. Having adopted this attitude, it is impossible that a man should not order his business along very different and very much more commendable lines. Moreover, is it right that a man's best years should be devoted to the proposition that "business is business," and only his waning powers be dedicated to a nobler conception?

The benefits that accrue to one from a refusal to retire from business have been mentioned. In other words, to stay on the job seems to be the surest way of staying on earth. The second phase of the subject is its broader application. A man's

determination to retire from business consciously or unconsciously changes his whole relations to business and the world. We come now to the third phase of this question, the importance of vacations instead of retirement.

IT HELPS BOTH YOU AND THE BUSINESS TO LET IT
ALONE OCCASIONALLY

There are many desirable activities which the utmost ingenuity cannot mesh with one's regular business. The executive at the head of a large retail store, for example, may find it difficult to include among his strictly business functions the tour of the world, upon which he has set his heart. The man who has a hobby for geological exploration may be unable to unite this with his responsibilities as head of a hardware factory. This discussion should not be interpreted as advocating that a man's activities should be limited to his purely business duties; but rather that the best solution will be found in what we may call occasional retirements. A man may leave his business for a short time and still feel that he is *a part* instead of *apart*. There is all the differ-

ence in the world in a man's feelings toward his business if he has abandoned it altogether, or if he has merely withdrawn partially and temporarily.

This policy has two-fold benefits. In the first place these little vacations have their useful reaction upon the man himself. When drawn aside from the immediate scene of his daily life, the man is enabled to view it in better perspective. His problems, perplexities, and ambitions re-apportion themselves and he returns to the job with freshened energies and clarified judgments. In the second place, these occasional recesses are helpful to the business itself. As long as a man remains in immediate contact with his organization, there is a feeling that whatever he may say to the contrary, the real responsibilities are still carried by him rather than the members of his organization.

LET YOUR ASSOCIATES REALLY DRIVE INSTEAD OF
JUST HOLD THE REINS

Years ago in my childhood days at Gloucester, it was the customary thing to teach a boy to drive a horse by letting him first hold only the

loose ends of the reins. The next step was to let him handle the reins himself while his father or older brother still held a firm grip on the ends. The final step was to let him drive wholly alone. Then—and not until then—was he really driving. Similarly with a business, members of an organization can never fully feel that they are doing the driving until the boss has actually let go of the reins for a time. Many a going business has crumpled up when the directing head retired, simply because the organization had never been trained to run itself.

No man can serve two masters. No man can be mastered by predatory and anti-social instincts for the better part of a life-time, with the hope of a higher service at the tail-end of his career. Life must be unified. We have discredited the double standard of morality. We are beginning to doubt the double standard that permits a man to separate his business and his personal conduct, or his week day dealings and his Sabbath professions. Let all seek the abolition of this other double standard that permits a man to retire from business, as though he could thereby exonerate himself for sinful and sordid business acts.

WHY SHOULD YOU RETIRE?

Do you retire from business because you are ashamed of it? Better to build a business of which you are not ashamed.

Do you retire from business because you are unable longer to support its burdens? Better to build an organization that can share these burdens.

Do you retire from business because you want to do something for humanity? There is no better place in the world for this than right in your own business.

Desire for retirement is confession of failure. There is no reason or excuse for retiring from business, except disability or death. Moreover, business is the best possible treatment for most kinds of disability. Statistics further suggest that business—while it may not be the fountain of perpetual youth—will, if properly organized and operated—increase a man's life by many years.

Let me close this chapter with the cynical quotation describing the type of business man who is fast disappearing. This type of business man divides his career into three stages:

First: To get on.

Second: To get honor.

Third: To get honest.

This mongrel policy was the result of shaping the career with a view to eventual retirement and reformation.

It is clear that business will be immensely purified when men no longer plan to retire but stay on the job. This change of program will lead to such business house-cleaning as the world has never seen. For if we plan to live in our office all our life, we shall want our office fit to live in. Then shall we create for ourselves and families investments which will truly endure.

PART II

In this second part another slant is given to the word enduring. Instead of stock and bond investments, human souls, Christian educational institutions, and various forms of benevolences are emphasized as the only truly enduring investments. Furthermore, logical arguments are given as to why this is so.

CHAPTER VIII

METHODS OF PILING UP PROFITS

WHETHER or not our efforts result in good is the test of both rules of conduct and investment. But the desired end is only to be attained by having these results endure. Moreover, these good and enduring results are obtainable only by those who have their minds fixed on some object other than their own happiness; that is, on the happiness of others and on the improvement of mankind.

How does this conception of happiness size up with the aspirations of men as we find them? The savage is apparently happy when he has enough food for himself and family. The semi-savage, of an altruistic temperament, requires that his tribe shall have enough food. Civilized man feels that not only food, but shelter, clothing, and many other articles of comfort, convenience, and enlightenment, are necessary for his happiness.

MONEY VERSUS HAPPINESS

The attainment of these desires, however, very seldom results in the end anticipated. How much evidence there is in the world to-day that property of itself does not bring happiness! That all the advantages which money can buy do not bring happiness. The happiest men to-day are those serving their fellow men. Those men of vision are seeking to further spiritual and mental progress. The degree of their happiness is in direct proportion to their own consciousness of effective service.

There are many men to-day who are imbued with the idea of service to their fellow men, who hope for the opportunity to render some notable service to the world. Many of these will succeed through true vision, intelligent effort, or fortuitous circumstance in exercising a potent influence in the development of mankind. There is a much larger group of other men, however, who do not clearly see the light of service, but who nevertheless, are diligently seeking happiness each in his own way. Many of these are failing because they are endeavoring to reach the goal

through temporary profits rather than through enduring investments. They are finding this an impossible road.

Is it not a fact many of our wealthy families would be far happier without their money? That in many cases the pursuit of wealth has impaired health and destroyed family happiness? That many boys and girls have been trained in ways of selfishness instead of ways of service? How true it is that profits in many businesses have been wrung from the very bodies of the workers and have caused untold suffering and misery! Think, for example, of the many businesses that require overtime in hurtful surroundings for the sake of added profit.

MONEY VERSUS SERVICE

The aggregation of capital in the hands of certain high-minded men of vision may be a good thing for society. Surely many notable discoveries and enterprises which have benefited mankind would have been deferred far into the future had such accumulations been prohibited. The same wealth distributed among the people would doubtless have failed of any like accomplishment.

Nevertheless, the pursuit of money is a futile course for the average seeker after happiness. Profits are too closely associated with selfishness. Selfishness is the opposite pole to service.

As will be later shown, many are serving society by maintaining their business, giving work to employees and reinvesting profits to make that business grow and furnish work for more workers. We are also benefiting society although we reinvest our profits in outside businesses; but this is an indirect means of action for able-bodied men. That degree of service which will bring us the greatest amount of happiness is what we should each strive for. It is probably more attainable by activity within our own business and with our own employees than by investment in an outside industry.

It is true that in an economic sense profits in one way or another find their way back into industry and thus benefit mankind—unless we bury them in the ground. The huge amounts of stocks and bonds listed on our stock exchanges give testimony to the large sums of money which we are investing in the other man's business. But no such

happiness is associated with this use of profits as when invested in one's own business. It is too remote. Piling up profits for the purpose of reinvesting in this manner soon palls on the man who is actively seeking to use his money to serve his fellow men. On the other hand, the business man who makes and distributes profits as he goes along within his own business, under his personal supervision, has very much better prospects.

THE SOURCE OF HAPPINESS

Happiness comes from within, not from without. It cannot be purchased. On the contrary—as has already been shown—the very means taken to acquire profits often prove fatal to happiness. No matter how large the profits may become their whole idea is of more. The day when the money is to be expended on one's fellow men is pushed farther and farther into the future. Many hope that the mere acquirement of wealth and its accompanying financial influence and power will cause happiness to come as a matter of course. They find their satisfaction short-lived. A large number who lose their health and influence seek

to regain it with their wealth. The real trouble is that these men acquire along with their wealth a wrong philosophy of life, a misconception of their relations to society. They lose sight of the fact that property of itself is of no value, and that service is the only thing that will satisfy and endure.

Direct service to one's fellow men is the only truly enduring investment. To the extent that money is used in this way it will bring true happiness. Civilization will never be saved by either talk or money. Giving is a step in advance of talking, but no person will ever command the respect of the world until he goes a step farther and puts his words into action. Of all undeveloped resources, human souls and minds offer the greatest possibilities. Practical men are realizing that business is more than mere machinery and that prosperity really awaits the development and organization of human beings. It is not enough to be religious, and let the matter rest there. We shall not find truly enduring investments unless we express our religion in our business and strive to bring happiness to all those dependent upon us

for their daily bread. We must strive to help others to help themselves, and give their souls expression.

ILL-GAINED PROFITS

Profits secured from businesses which do not make people healthy, happy, or prosperous, are especially to be avoided. They ultimately will bring only harm to those who secure them. The brewer has a drunken son, the unprincipled lawyer has a wayward daughter, the business man who takes advantage of others ultimately dies in disappointment. The law of action and reaction works slowly, but never fails. Profits secured by helping others or developing the community endure and can prove a blessing to the man who makes them; but profits secured by illegitimate means or in a business which harms the community, ultimately fade away or prove a curse to the man who makes them. At least, this is what statistics clearly indicate.

PROFITS THROUGH INVESTMENTS

In considering the subject "Enduring Investments," we must not overlook the general feature of investing for profit. Thus far we have as-

sumed that men have accumulated their money only through thrift and hard work. Statistics show that a large mount of wealth has been secured through fortunate investments.

The business and financial world is governed by the great fundamental Law of Action and Reaction,—as inevitable and unvarying in its operation as the Law of Gravitation. This same Action-Reaction causes the business world to travel in regular cycles, each consisting of the following periods:

PERIOD OF PROSPERITY: High prices, high wages, increasing money rates, optimism, rabid speculation, over-expansion.

PERIOD OF DECLINE: Falling prices, unemployment, pessimism, conservatism, and retrenchment.

PERIOD OF DEPRESSION: Low prices, low wages, hard times, failures, decreasing money rates, thrift, and economy.

PERIOD OF IMPROVEMENT: Gradually rising prices, demand for labor, increased production, business on the up-grade.

Because these various periods follow each other

in the same order and continue in this inevitable cycle, a constant and painstaking study of the combination of fundamental conditions which cause them enables some to forecast their coming with remarkable accuracy.

GENERAL BASIS OF OPERATION

Once these fundamental laws are recognized and understood, the basis of successful speculative operation is self-evident:

Men buy securities in the Period of Depression when money is scarce, every one is panic-stricken, and fundamental conditions have forced prices far below their normal levels. These securities they hold through the Period of Improvement while prices rise and the public accumulates capital for the "Spree of Speculation" that always characterizes the ensuing period.

These same men then sell during the Period of Prosperity when every one is optimistic and fundamental conditions have forced prices far above their true and natural levels. They also hold their funds liquid through the Period of Decline when things are apparently going to pieces, and

wait until fundamental conditions show that the low tide is about to be reached. They then buy in again and ride up to the crest.

The same fundamental laws govern investment conditions as govern speculative conditions, although bonds fluctuate between much narrower limits than do stocks. The effect of fundamental conditions on the whole investment market is even studied by wise investors so as not to make the mistake of buying long time securities when one should be buying short time securities, and vice versa.

Further, these men watch each individual issue in its relation to the Law of Action and Reaction. Since fundamental conditions are constantly undermining certain issues and strengthening others, the best results are secured only by studying conditions and transferring funds from weakening to strengthening issues.

Some say that those who make profits in this way are mere speculators and add nothing to the permanent welfare of the country. If the safety valve and governor on a locomotive add nothing to the welfare of the passengers in the train, then

the man who buys during the panic and sells during the boom adds nothing to the welfare of the community; but I should not want to ride on a train if the locomotive had no safety valve nor governor. Both safety valves and governors perform most valuable work.

SPECULATION LEGITIMATE

No one respects the man who hangs around stock exchange offices and scalps quarters and eighths; no, not even for the man who buys stocks this week and sells them next week or even the next month. I, however, have great respect for the man who sells securities and who stores money when securities are in great demand and money is plenty; likewise for the man who exchanges money for securities when the reverse conditions exist. He performs the important function that the ice dealer performs. He cuts ice and stores it when it is a nuisance and every one is trying to get rid of it; but by so doing he has it on hand during the warm days of summer when we all long for it.

Here again, in accumulating money through investments, it is necessary that we should keep the

real end in view,—namely, the good of the community,—and not become crazed over the desire for profits. Only those profits secured through investments which result in increased production or steadier conditions ever do a man or his family enduring good. As the Law of Action and Reaction applies to the investment market, so it also applies to our human lives. We receive enduring profits only in payment for service rendered. To have our investments endure, we must not only invest them in a way to render service, but we must secure them by rendering service. At least, this is what statistics show.

THE NEED OF ENDURING INVESTMENTS

This book is being written by one who has both had money and who has been closely associated with men of money. The last twenty years have been devoted by the writer to helping others secure and accumulate wealth. The Babson Organization has probably been influential in the investment of larger sums of money than any other institution of its kind in the world. Therefore, when I appeal to business men to side-step

profits which do not make people truly happier, healthier, or more prosperous, it is with certain authority.

When buying bonds, buy only those which are developing the resources of the country. It may be a municipal bond which is issued for building a sewer or water system; it may be a state bond issued for building roads; it may be a railroad bond issued for lowering grades and replacing wooden bridges by steel structures; it may be a public utility bond, enabling the company to furnish more homes with heat, water, or gas; it may be an industrial bond, enabling some factory to increase its output.

When buying stocks we should have a similar point of view and—in the same way—analyze the situation. With the purchase of stocks, however, there is an additional responsibility when the proxy is received. Proxies should never be thrown in the waste basket. Most of the crimes of our corporations have been due to the fact that the great majority of us people owning the stock either do not use the proxies or else sign simply what is sent to us without investigation. Most of our

large industries are controlled by church people. Whenever these church people exercise their present rights, the abuses of these corporations can be abolished, peace with labor can be established and honesty can rule in the markets of the world. Hence, the stockholder has a far greater responsibility than the bondholder. There is no need of additional legislation to bring about financial, industrial, or social reforms. When the churches, educational institutions, and "religious" people who own these companies realize their responsibilities, the evils will be eliminated.

Therefore, readers are urged also to check up their investments as well as their profits. We all should take account of stock, so to speak, and see where our money goes as well as whence our money comes. Let us seek only enduring investments, remembering that the most enduring investments of all are investments in human beings. It is good to loan money to a town to build sewerage systems or to a railroad company to eliminate a dangerous curve; and it is even better to loan money to an industrious boy to secure an education, or to give money to missionary, educational,

and other enterprises which are teaching the fundamentals of righteousness. Investments in such institutions are really the most enduring of all investments. This is what Jesus must have had in mind when he advised against investing where moth and rust corrupt and where thieves break through and steal.

Finally let none of us think that piling up money will give us security and protection. Courage is the only thing which helps us attain security. Security is the most uncertain thing in life. It is one thing which can never be surely attained. If it were possible to obtain security, we would immediately have stagnation, and deterioration; and civilization would go to pieces. This applies both to life and to investments. Security is only a comparative term. Some investments are more secure than others, depending on their endurance. Hence, the ablest financiers talk of enduring investments rather than of secure investments.

CHAPTER IX

SOCIETY'S RIGHT TO OUR WEALTH

IN the last analysis it is difficult to give anything to anybody else. It is perfectly simple, of course, to put your hand in your pocket and take out \$10 and give it to another man. After you have done this, he will have the money and you will not have it. Two considerations, however, throw doubt upon the question of your having given him anything. In the first place, most people who give away money to anybody else assume, whether they desire to or not, a degree of proprietorship in the life of the man to whom they have given the money. Even the best of us instinctively feels that the man to whom we have given money owes us something in conduct or in appreciation.

In the second place, it is always extremely doubtful whether your \$10 has made the man richer or poorer. If by giving \$10, or \$100, or \$1,000 to somebody else, we could add \$10 or

\$100 or \$1,000 to the real wealth of the one we give the money to, we would all be eager to give away money. The trouble is that gifts of all kinds are likely to impoverish the receiver. Emerson summed the whole thing up when he said: "Thy only gift is a portion of thyself." History suggests that the early Christian Church learned this from sad experience and thus gave up the communistic plans referred to in a previous chapter.

PROFITS THROUGH INVESTMENTS

This indicates the fundamental difficulty which confronts the man who has gained sufficient for his own needs and desires to take care of the tide of wealth which is flowing in upon him. When I say "tide of wealth," I mean exactly that. In a normally successful business career, the first decade or two of a man's experience is expended in laying foundations, getting the machinery in place, and starting the wheels of wealth-making in motion. The trouble is that after this machinery has been put in place and set going, it is almost impossible to stop it. A man simply sits down in front of the

spigot with his bucket and the stream of wealth pours into it. Many manufacturers have found themselves in danger of being swamped by the financial success of their own company. They had all they could use themselves. They had all their most extravagant desires could imagine and yet there was a stream of money pouring in upon them which represented the profits on every "sale" in all parts of the world.

James Couzens, formerly General Manager of the Ford Motor Company, is reported to have received approximately \$29,500,000 for 2180 shares of stock said to have originally cost him \$57,500. If this is so, every \$100 which he invested in the Ford Motor Company returned him over \$50,000. Of course, this is not a fair statement, as Mr. Couzens gave his life to the Company, rendering service which no amount of money could fully repay. There are, moreover, numerous illustrations showing that even original investors have made considerable sums without giving any time to the business. For instance:

\$100 invested in Burroughs Adding Machine returned \$41,340.

\$100 invested in Welsbach Mantle returned \$50,000.

\$100 invested in Westinghouse Air Brakes returned \$47,856.

\$100 invested in Bell Telephone returned \$201,000.

\$100 invested in Janney Coupler returned \$18,680.

\$100 invested in National Cash Register returned \$42,870.

\$100 invested in Duplex Rubber Tire returned \$125,000.

\$100 invested in American Radiator returned \$49,000.

Any man, therefore, who is inclined to take life seriously and to regard himself as something more than a mere peg to hang riches upon, is confronted by the question of what he is going to do with this stream of riches when once he gets it started. He is confronted also by the dilemma of devising some rational and really beneficial means of taking care of it. It is not enough simply to get away or to stand and let the stream spill itself upon the ground.

We may, however, take it for granted that any honestly constructed and really useful money-making machine, when once it is started, ought not to be stopped. Such a machine is making a vital contribution to the wealth of the community. It is a social crime to put a stop to such productive power. The man who has started it, therefore, must devise some way to save his own soul and at the same time keep the machine going.

TWO BIG PROBLEMS

Two big problems are forced upon the man who started the machine. One is that of saving his own soul and the other is that of discharging his duty to the community. The two go hand in hand. If the man fancies that because he has enough for himself he has, therefore, earned the right to go off in a corner and enjoy it, he has disregarded not only the interests of the community, but the interests of his own life. There may come a time in the career of an active man when he can honestly and rightfully sever his connections with life and go off somewhere to spend the remainder of his days in satisfaction. That is a

question which may be raised. For the most part, however, a man's duty is to be found in so directing the results of his own wealth-making machine and so relating himself to the community where he lives, that his plant and the wealth which comes to him may be a true and enduring investment, both for himself and for the community.

However important the man himself may be, he would never have been able to start his machine and the wealth would never have begun to come in if it had not been for the community. The community has thus made him and it is his duty to do what he can to aid and benefit the community. After all, there is no duty which so vitally rests upon the shoulders of every man as the duty of bearing his part in the community.

It is clear, therefore, that the duty of continuing in business and devoting oneself to business activity rests upon a man even more heavily after he has made his pile than before. When he was making his pile, he was working for himself. Selfish interests alone may have been dominant in his mind. Now that he has made his pile, it may be possible for him to justify his own selfishness

by consecrating the very powers and capacities which enabled him to become rich in his own right to the enrichment of the community.

MORE RICH MEN NEEDED

The man who stands at forty or fifty in a position of independent wealth, which has come to him through productive enterprise, must give up the idea of simply turning over his profits to the community. That alone will not be sufficient. He must regard himself more than ever as the servant of the community which has given him his success. The best work and the finest portion of a man's life may be those years after forty or fifty when he can divest himself absolutely of selfish aims and consecrate the remainder of his active years to the task of producing wealth for the community and rendering real service to the men and women who have consciously or unconsciously helped to make him what he is. Any man who has hammered out financial success for himself is worth more per year himself to the community than the profits which come from his business are worth. It is, therefore, such a man's duty to de-

vote himself with all possible energy to the service of society.

Society wants and has a right to ask of the successful business man not only his profits, but his time. The most valuable thing about such a man is not the stream he has set running, but the powers that he himself has. It is these powers that the community really needs. By making himself rich, the man has set himself free from selfish ends and made himself available to society. To meet this obligation—to embrace the opportunity—is the great test of the man himself.

INVESTING FOR ETERNITY

Of course, the stream of profits will continue. How they shall be disposed of is another question. The important thing is so to dispose of them that they will endure over a long, long period, and if possible, through eternity. All men must admit that the length of life of investments varies from those that endure only a few minutes to those that endure many years and even generations. Furthermore, it must be admitted that money invested in character building, scientific in-

vestigations, and certain educational work, endures forever. The building of a hospital is a far better investment than the building of a factory, although the latter may be commendable. But a study which leads to the elimination of diseases is even a better investment, while, the work of those who arouse the souls of men to conduct such studies, comes from even more enduring investments.

Of course, winning souls to Jesus would be the most enduring investment of all procurable. It would be the most satisfying and the most profitable. Moreover, in saying this I am speaking as a statistician and not as a preacher.

CHAPTER X

PROFIT SHARING VERSUS BENEVOLENCES

THE rich man's supreme duty is to keep in motion the machine by which he has made his wealth. This involves a continuation of the flow of profits. What is the man to do with these profits?

There are two main avenues which afford a way to dispose of one's profits other than when invested in the worthy objects already noted. A man may devote them to benevolences of various kinds or he may distribute them among his employees in accordance with some of the well-known forms of profit sharing. Let us look for a moment at these two methods.

PUBLIC CHARITIES

The favorite method of disposing of wealth, either at one's death or during one's lifetime, is to bestow it in considerable sums upon some enterprise of a public interest. Mr. Carnegie was

a conspicuous example of this kind of activity. Every day the newspapers tell us of some rich man or woman whose will is offered for probate and lists the various enterprises which are provided for in the will. So far as the man himself is concerned, there is much to be said in favor of doing this kind of thing during life instead of postponing it until after death and leaving money perhaps to be squabbled over in the courts. The personal satisfaction which must come to a man of seeing the things he wants done accomplished while he is himself still alive is well worth considering.

The whole matter of the *endowment* of charities and other public enterprises is, however, open to serious question. Whose money is this anyway? To how much is a man entitled under the caption of his own personal fortune? Unless I am greatly mistaken, the fundamental conception which underlies all this discussion is this: Is the wealth which comes to man his, or is it a trust fund? If it belongs in fact to society, what right, therefore, has the man himself to determine for all time the method by which society shall use this money? We have at the present time billions of dollars

tied up in the endowment of libraries, hospitals, schools, and things of that kind. This money all came from streams of wealth which various men and women set going. Acting within what they considered to be their own rights, they definitely tied up these billions of dollars to specific projects in which they themselves were interested.

It sometimes happens with the lapse of years that the causes to which these men have devoted their funds ceased to be of great concern to the community. Notwithstanding, as long as society stands, the funds which these men have set aside will go on supporting these worn-out and discredited institutions. People are beginning to ask with considerable insistence what inherent right our rich men have to determine forever the uses of their wealth. If this wealth is in fact not their own, but is a fund which they hold in trust for society, their right to tie money up in this way is open to serious question.

Many able minds do not favor this time-honored method of disposing of wealth through the endowment of institutions. The method presupposes a keenness of judgment as to what are the

vital needs for society, which keenness most men may be supposed not to possess. It also takes for granted a degree of ownership in the man's surplus wealth which may be seriously questioned.

REFUNDS AND PROFIT SHARING

There remains the method of distributing these surplus funds among one's customers through some one of various methods. At the outset it is to be said in favor of this proposition that it immediately restores the funds in question to society instead of freezing up vast fortunes and forever determining the uses to which they should be put. These fortunes, if distributed year by year, remain fluid and pass again into the hands of the individuals who compose society. Many may at times make bad use of the money. That, however, seems to be their right. No man can undertake to guarantee posterity from mistakes. The same right to say what shall be done with one's money belongs to the man who comes after me as I claim in the handling of the funds which pass through my hands. This right may be best recog-

nized by turning the profits back into the stream from which they came.

When it comes to the distribution of surplus earnings among one's employees, one confronts on one side a danger and on the other an advantage. The danger is that the money thus distributed will be looked upon as a mere gratuity. Money passed around in this way may be a positive menace to those who receive it. Any kind of a hand-out, whether it is a sandwich and a bowl of soup, to a man who stands in the bread-line, or an outright gift of funds without any quid pro quo concerned, impoverishes the man who receives it.

GIFTS VERSUS DEBTS

On the other hand, the advantage of distributing profits to one's employees is that this distribution may be made to take the form of a reward for exceptional merit. In this sense the money so distributed ceases to be a gift and becomes part of the earnings of the individual thus furnishing an incentive to him for greater effort. In

every successful business, there are, to say the least, individuals whose loyalty, initiative, and ambition determine the progress and expansion of the business. These individuals, in only a slightly less degree than the owner of the business, are the foundations upon which the success of the business stands. With certain limitations, no price is too great to reward these individuals for their constructive qualities.

We have been experimenting in this country for nearly two generations with so-called "profit-sharing." Probably more systems have been abandoned than are now in operation. Out of the whole experience, however, we have learned that there are certain forms of profit sharing which have a really vital relation to the success of the business. Any form of profit sharing which really divides profits between the employer and his responsible employees can be defended not only on business principles, but on the basis of developing those who receive it. Money so distributed is not a gift; it is earned. When the employer distributes his profits in this way, he recognizes the debt which he owes for his own success to those who have stood with him in building it up.

Beyond this there is another debt which the rich man, by the distribution of his profits, may be able to discharge. The relation of the employee who work for wages to business and to society is fundamentally different from that of the man who works for profits or of the responsible employee who is directly concerned with the progress of the business. Equally with the employer and with the responsible employee, these thousands of lesser workers are putting their life into their labor. Their life is their capital. Often the wages for which they work do not allow the accumulation of funds to take care of their old age.

Still, in any well ordered society, it should be taken for granted that a life of industry, however humble the level upon which it is lived, should secure to the worker some kind of reasonable comfort in his declining years. The distribution of profits to take care of this situation may again be classed as the paying of a debt rather than as the distribution of a gratuity. The humblest employee who, through long years of service, has contributed his mite to the success of the business may be entitled to something over and above

what he or she may have received as wages. This equity is often ignored; in fact, it is customarily ignored. One of the greatest opportunities which an employer has, in my conception, is the discharge of this often neglected obligation.

WHAT ABOUT THE RESIDUE

When all of this has been done, however, there still remains in the employer's hands a considerable amount of profits which he does not need himself, which cannot be distributed among his employees as a reward for services actually rendered, and of which the employer must find some way of disposing. Of course, such a man will become a large supporter toward the current expenses of such reasonable charities as may be presented to him. For the further remainder of the funds which he wishes to distribute, I earnestly advocate the use of such moneys for the development and encouragement of enterprises which present the largest amount of enduring usefulness and which give employment and satisfaction to the greatest number of people.

The one thing to be avoided is the creation of

dead funds. A dollar which merely stays on the shelf from year to year and through all time contributes its yearly earnings to the support of some charitable purpose may become, in fact, a dead dollar. That same dollar, if set in motion by a rich man, preferably in some enterprise which immediately gives employment to hundreds and thousands of workers, is a live dollar. We have already too much money in the United States which hangs like a weight about the neck of society and is just as dead as, in many cases, is the memory of the man who originally hung it up. A rich man should study this situation with the greatest care. Such wisdom as he has been endowed with should be applied conscientiously to the effort to keep his funds liquid in the social sense.

The upshot of these statements is this: Let the emphasis of our distribution be placed upon the side of *earnings* rather than upon the side of *gifts*. Insist so far as possible that what we distribute shall be distributed for some recognized service. Furthermore, when it comes to benevolences, make sure as far as possible that these shall be construc-

tive benevolences;—benevolences which supply employment and incentive to the greatest number of people rather than those which merely distribute sops to a promiscuous crowd.

We can never free ourselves entirely from the mere giving away of money, but the emphasis of our benevolences can be placed upon such handling of money as will reward efficiency wherever it is found, and will keep such money as passes through our hands active. Thus we may recognize to the fullest degree the idea that we are stewards,—trustees,— and not owners of the money which passes through our hands. Only as we get this point of view can we enjoy the most enduring of investments.

CHAPTER XI

WHAT SHALL WE DO?

THE question of enduring investments is not altruistic. It is rather the problem of getting the most out of this old world which we go through but once. We know from experience, that the greatest happiness and reward in life come from doing the greatest service for others. It is hard to understand how any one can feel puffed up over the fact that he has given the town a public library or a hospital, because he himself knows that the satisfaction which he gets from doing this amply repays him for the gift.

FOUR ROADS TO FOLLOW

Generosity is commendable, but generosity in itself is not the end. It is simply the method. The goal of life is service in carrying out God's wishes. It remains for each one of us to decide for himself what means he will use. No set formula can be prescribed to fit all cases. As

previously stated, the successful man who has already sufficient for his own needs, has four courses to choose from:

1. Run his business as before, but turn over the profits to his employees.
2. Reduce the selling prices of his product so the public gets the benefit of the profit.
3. Devote his profits to expanding his own or some other worthy enterprise.
4. Give his profits to charitable and educational work.

All of these courses have good points, but all of them if pursued *exclusively* would fail to accomplish the desired end. My own feeling is that a *combination* of all will make the best course. Take the first plan, for example. There is decidedly a limit to the pay which one can give one's employees with real profit to themselves. Sudden or unusual prosperity without the balance wheel of spiritual ideals, invariably will do a man more harm than good. A fair plan of profit sharing, or bonus distribution, which will stimulate each worker to give his best efforts and help him to support his family in a decent manner, is far healthier for both the worker and the business.

To cut selling prices to a cost basis may be all right if you are the only one in your line of business. If not, however, it would be unfair to smaller manufacturers or merchants who cannot yet afford to run their business without profit. Make sure that you are giving a good product at a price which is fair to the consumer and you have gone about as far as you can in this direction.

The third course is the one most commonly followed. I am not ready to find fault with it, at least as far as the principles involved are concerned. There is this trouble, however, that the man who uses all his profits to build more business, often loses the true perspective of life. The constant fight with harassing obstacles, together with the fact that business success is measured in terms of things and dollars, whets men's appetites for material rather than spiritual things. While to run an honest and productive business is one of the noblest achievements, it does not develop the spiritual side of men if followed exclusively.

How about the fourth course—namely, to give away profits for charitable or educational work?

There is more responsibility in giving away money than there is in spending it. You can do more damage to others through misguided charity than through selfish extravagance. On the other hand, if the cause is worth while, there is nothing which so develops the spiritual side of a man as wholehearted unselfish giving. The man who leaves pure charity out of his life misses a tremendous lot of fun. God made this old world on peculiar plans. One of these plans is that while He put into the hands of men almost everything they want, He asks that we turn back or dedicate a certain part of it distinctly to Him. Why? The reason is simple if we will but look and see how much happier and fuller is the life of the man who gives than of the one who does not.

INVESTING FOR ETERNITY

For this reason isn't it true that we should give more attention to our investments, if they are to be made for eternity, in order that we may make them wisely? Unfortunately most of us seem to feel that the minute we *give* our money away our responsibility is ended and we depart feeling

proud of ourselves for having made a present of something to God. No, Sir! We cannot afford to make poor investments for God any more than we can for ourselves! In fact, I believe the time will come when we shall look upon the things we gave to God as the prime investments which we have made.

No one can prescribe in a book what causes are most worth-while, as they change from month to month. There is one thing, however, of which we can be sure. The crying need of this hour is not more factories or materials, not more railroads or steamships, not more armies or more navies, but rather more religious education. The prosperity of our country depends on the motives and purposes of the people. These motives and purposes are directed in the right course only through religion. Legislation, bounties, force, are of no avail in determining a man's attitude toward life.

RELIGIOUS EDUCATION

Religion, like everything else of value, must be taught. It is possible to get more religion in

industry and business only through the development of religious education. *With the forces of evil backed by men and money, systematically organized to destroy, we should back with men and money campaigns for religious education.*

We are willing to give our property and even our lives when our country calls us in time of war. Yet the call of religious education is to-day of even greater importance than was ever the call of the army or navy. This is true because we may never live to see America attacked from without, but we may at any time see our best institutions attacked from within.

I am not offering religious education as a protector of property because nearly all of the great progressive and liberal movements of history have been born in the heart of religious educators. It however is a fact that the safety of our sons and daughters, as they go out on the streets this very night, is due to the influence of the priests, rabbis, and preachers rather than to the influence of the policemen, officials, and lawmakers. Yes, the safety of our nation, including all groups, depends on religious education. Furthermore, at no time in our history has it been more greatly needed.

We insure our homes and factories, our automobiles and our business establishments through mutual and stock insurance companies. But the same amount of money invested in religious education would give far greater results. Besides, religious education can insure what no corporation can insure; namely, prosperity. Statistics show that while the people of the United States are paying nearly \$1,000,000,000 a year for life insurance, they are paying less than \$400,000,000 a year for the total expenses of our churches, including all religious activities both at home and in foreign lands. Just think of it! We are willing to pay only 40 per cent. as much for soul insurance as we are for money insurance.

THE NEED OF THE HOUR

As the great life insurance companies are spending huge sums on doctors, scientific investigations, and district nurses to improve the health of the nation, so we business men should spend huge sums to develop those fundamental religious qualities of integrity, industry, faith, and service, which make for true prosperity. Surely the need of the hour is not more factories or materials, not

more railroads or steamships, not more armies or navies—but rather more religious education!

This book has referred heretofore to the men or women who already have all the money they need. Don't think for a minute, however, that they are the only ones who should give. Few indeed are too poor to give something to what they believe is God's work. I have known a great many "tithers," but I have yet to find one who felt he had lost anything by dedicating a definite part of his income to God. To every one—rich and poor—the statement of the Wise Man regarding "bread on the waters" has a very real application in this matter.

Let's think for a moment what would happen if every church member in the United States should actually do as the Bible suggests and set aside one-tenth of his income for God. There are about 40,000,000 members in our Christian churches, with about \$40,000,000,000 total annual income. Calculate the tremendous power summed up in one-tenth of that amount—\$4,000,000,000. Spent honestly and wisely such a sum would establish all the additional schools neces-

sary to fit our young men and women for a religious life. It would operate all the hospitals and training schools needed to treat all those who must go through life with physical handicaps. It would furnish sufficient money in a few years' time to teach every living soul the principles of righteousness.

SPENDING \$4,000,000,000 A YEAR

Would this money be spent wisely?—you may ask. No, it would not, if each church member simply sent his check or money order to some central committee and left it to a few people to spend. *But if each giver took the same care in investing money for God that he takes in investing it for himself—then I say most of this money would be spent wisely.* Surely it would accomplish more and more good every year as we investors became wiser.

After all, I am less interested in what could be done with this \$4,000,000,000 than I am in the effect which giving one-tenth of his income would have upon each of us 40,000,000 givers. "Where your treasure is, there will your heart be also."

Just shut your eyes and try to imagine what kind of a country this would be if our church members should really take the Bible seriously enough to follow it even in this one suggestion.

Now you and I know that we probably shall not live long enough to see all our good church people change their ways so radically. The point is, what are we going to do ourselves? Maybe it's 10 per cent. of our income we ought to invest for God—maybe much more—but surely we all ought to invest in this way more than we are now investing. We ought surely to use as much discretion and pains in making such investments as we do when we make our less enduring investments.

Perhaps the above suggestions sound impractical. The average business man who has won success and independence has done it only through the hardest work. The thought of turning around and dispensing with the further profits which his labors may bring at first seems ridiculous. What, however, *is* the prime purpose of life? "What shall it profit a man if he gain the whole world and lose his own soul?" This is the problem

which has beaten more men than adversity. Shall we escape the poison of lust and the mania of accumulation which has shriveled the souls of so many men before us?

CHAPTER XII

DEVELOPING A PROSPERITY WHICH ENDURES

STATISTICS show that the industrial life of America was launched in Quebec, New England, New York, Pennsylvania, Maryland, and Virginia, and that groups of religious enthusiasts—both Protestant and Catholic—provided the motive power which developed Canada and the United States. America industrially and commercially was born and raised in the white spired churches on the village greens and in the little red school houses at the country cross roads.

These early settlers came here to worship God and to bring up their children in a way which should cause their families to endure. They wanted freedom, but not the freedom about which we hear to-day. They wanted freedom to worship God. Hence, the first public structures erected by these people after landing upon the shores of America were churches, and these be-

came the civic and social centers. Men went to church to pray and to vote. Our government was founded on religion; our industries were founded on religion. Yes, religion became the spring of the watch; the fertility of the egg; the inspiration which caused men to produce, to save, and to develop the enduring investments for which these old settlements became famous.

The other day I came across an old New England newspaper. Of what was it made up? Were the chief items of interest divorce, scandals, and prize fights? Not much. The paper was almost wholly devoted to reporting (1) the teachings of the churches and their preachers; (2) the progress of the government; and (3) the important events in England and Europe.

Every morning each household got together in family prayers, asking God for strength and guidance in the day's work; each evening they met again and thanked God for the protection and success of the day. Each Sunday was spent—not in pleasure seeking—but in truth seeking, getting inspiration for the coming week's work. Before the farmers planted their seed they had an entire

day of fasting and prayer (which day was a legal holiday in Massachusetts until a few years ago); while after the crops were gathered they had a day of Thanksgiving to God for the harvest He had given them. These are cold economic facts which must be realized when we sanely discuss enduring investments.

WHAT'S THE MATTER WITH BUSINESS?

Statistics show the difficulty with business to be that we have been trying to run industry by the will of Congress, judges, bankers, labor unions, and boards of directors rather than by the will of God. We have been trying to make cork sink, stone float, water run up hill, and prices remain fixed when these things should not be accomplished. Business men believe in the law of supply and demand, but most of us want the law suspended so far as it applies to our particular business. The farmer seeks lower priced labor, but wants a higher price for his wheat and corn; the railroads work for lower prices for materials, and yet want to keep the cost of transportation fixed; while the labor leaders clamor

for a reduction of the cost of living and at the same time fight all wage reductions.

As a result business—every few years—gets stalled like the donkey between the hay stack and the bag of oats. The donkey was so undecided as to which to eat that he stood midway between the two and starved to death. Take the railroads, for instance, perhaps they would be better off with higher rates. Surely, however, the railroads should not continue to play the part of the donkey when great numbers of freight cars are idle. They should either raise rates or lower rates or do something to see if conditions could not be improved. This idea of arguing about rates in advance without a trial is a good deal like arguing as to the winner in a horse race before the race occurs. One of the best barometers of prosperity is the freight car "surplus" or "shortage" figures. One of the quickest ways to make our investments endure is to keep our railroads at work.

BUSINESS IS LIKE AN AUTOMOBILE

Business, like an automobile, now and then suddenly stops by the gasoline giving out and we

are obliged to clean out the tank and refill it with gasoline. When the car stops we are running in high gear and we usually forget to change the gears. But in starting the car again, is it advisable to attempt to start on high gear or is it better to put the car first into low gear? Surely, the sensible way is to start on low, move to second, and then into high. Any automobile driver knows that this last is the thing to do. Attempting to start on high will inevitably stall the engine.

Yet we are continually trying to start business on "high" just where it stopped. During a business depression, the railroads want to get traffic back at the old high rates; labor refuses to have wages cut; while retailers hold up prices "until business revives." The result is that prosperity does not return when it is expected. There can be no enduring prosperity with this attitude. With railroad rates up, wages up, and everything else up, it is impossible to start the automobile of prosperity on high gear without stalling the engine. If, however, the railroads would reduce rates, wage workers reduce wages, and retailers reduce prices until the hundreds of thousands of

freight cars got filled and moving, then we could get started. Then the railroads could gradually put back their rates, the wage workers could increase their wages, and so on along the line, moving gradually from low gear into second and from second into high. Then the automobile of prosperity would soon again be going at full speed without danger of stalling the engine. Enduring prosperity can be approached only by shortening the business cycles and by making the fluctuations less severe. As our prosperity is more enduring so are our investments.

IF LABOR IS WEALTH

If labor is the basis of all wealth, the country surely ought to be very rich during a business depression. Then there is much surplus labor available. Millions of persons are then idle because they are determined to start the automobile of prosperity on high speed without first going into low and second. It never could be done and it never can be done. We only waste time arguing about it and trying it out. Labor is not the basis of wealth nor are our natural resources the basis

of wealth. There are more available labor and more of natural resources in China than in the United States. But why then is China way behind the United States? The reason is that China lacks those intangible qualities of faith, courage, initiative, and inspiration which have built up American business.

The truth is that we are now trying to have legislation, banking, labor unions and other material forces take the place of the spiritual forces which have really developed America. This is why new railroads are not built; this is why there is a shortage in houses; and this is why there is unemployment. Enduring prosperity and enduring investments come from *three* factors: (1) natural resources, (2) labor, and (3) that intangible spiritual quality which led the Pilgrims to these shores three hundred years ago, which stretched the railroads across the prairies a hundred years ago, and which built factories, steamships and other things during the past decade. Moreover, these spiritual qualities can be developed only through the natural means which God devised.

America should not return to the policy which

rules the jungle, but it should most seriously consider the policies which have developed successful breeding of men and women up to the present time. Aristocracy was overdone a century or more ago, but it still has its uses. We can breed a more enduring prosperity, but we can't do it by attempting to suspend the law of supply and demand, the law of reward and punishment, the law of action and reaction, and other natural laws. At the present time we are developing a race of inefficients and almost industrial imbeciles. Unless a halt is called and we get back to the old-fashioned principle of selecting the fittest, using it in its broadest, most spiritual sense, we are headed for disaster.

PROSPERITY THE RESULT OF EFFORT

I have a friend in one of the eastern colleges who actually hungers for hard problems. He cannot be tempted by money and he is never interested in anything which is easy. When, however, I have a truly difficult task he is delighted to work it out for me. He has the spirit which discovered America, developed America, and has

brought about the prosperity which our country has heretofore enjoyed. He has that creative impulse or that desire for service which is at the basis of prosperity. When 51 per cent. of the people are imbued with this spirit of service, we have good business; but when 51 per cent. of the people are trying to do as little as they can and "get away with it," then high prices, inefficiency, and bad business are inevitable.

Prosperity is simply a combination of natural resources, hard work, and those intangible spiritual qualities of faith, courage, and a desire to be of service. These qualities, however, have been developed in the past only through struggle and competition. Moreover, prosperity endures in proportion to the spirituality in its fiber and composition. These spiritual qualities are not being developed to-day with legislation, trade associations, labor unions, and other forces attempting to eliminate struggle, industry, thrift, and the workings of natural law.

A DOLLAR FOR A DOLLAR

One reason for unemployment and general bad business is the fact that—during periods of pros-

perity—so few people give a dollar's value for the dollar which they receive. Unconsciously we then all become dishonest. The grocer no longer adulterates the sugar; but he and we adulterate our work. The farmer no longer puts good apples only at the top of the barrel; but the same principle of deception then permeates other lines of labor, industry, and commerce. We then try to get along by our wits and by bluffing rather than by hard work. The congressmen jolly their constituents; the department heads in Washington jolly the congressmen; the government employees jolly the department heads; the business men jolly the government employees, and the constituents in turn jolly the business man. Thus the vicious circle goes around, each trying to live by his wits and fool the other, all forgetting that the prosperity of the country is determined by industry, thrift and integrity. When we all, whether wage workers or employers, manufacturers or merchants, senators or mere human beings, are again imbued with the spirit of service, then we have prosperity. Moreover, to the extent that our lives are so imbued, this prosperity endures.

There often is much talk about foreign trade.

The figures, however, show how the foreign trade of the United States is a very varying quantity. Numerous reasons are given for these violent fluctuations, but the most potent reason is that our foreign customers get disgusted with us about once in so often. During the war they were forced to pay any price in order to keep the Germans from annihilating them; but as soon as this fear was over they decided to get on without the goods until they could get them at a fair price. When we give a dollar's worth of goods and labor for a dollar, we again begin to get back our foreign trade. If we would always give a dollar's worth of goods for a dollar, we could permanently have a good and ever increasing foreign trade. Enduring prosperity requires such a constant outlet for our surplus goods.

ENDURING VERSUS TEMPORARY BANKING

The development of a nation is similar to the development of an individual, best exemplified by the life of a primitive man in a primitive community. As a youth he is interested only in having a good time. He fishes and shoots for the sport of

it. Work has no attractions at all and the boy lives simply to get a few hours' play each day. As he becomes older and has a family of his own he becomes interested in working to get food, clothing, and shelter. With the incentive of a family he is truly interested in his work. He enjoys catching fish to eat; he enjoys building a hut in which to live; and he enjoys shearing the sheep in order that his wife may weave the wool into clothing.

As the children begin to grow up, however, the aims of the wise father even in primitive days were of a more enduring nature than were the aims of young manhood. He was no longer interested—when he became a grandfather—merely in providing the food, clothing and shelter which was consumed during the year; but he laid plans to perpetuate his family. As a man becomes older he unconsciously looks ahead and devises means to provide that he and his family shall have food, clothing, and shelter after they reach the age when they can no longer work. The first third of a man's life is given to play; the second third to filling his and his family's stomachs; but the last

third is given to developing sources of income which will be permanent and serve him after the natural resources are gone.

A nation goes through these same three stages. The first stage for America was during the Revolutionary and Colonial times; the second stage began with the developing of our great West when the Homestead Laws provided the incentive for that development; but we are now entering the third stage when we unconsciously seek protection. The railroads are seeking protection through legislation; the wage workers are seeking protection through their labor unions; manufacturers are seeking protection through tariff laws; while the rest of us are seeking protection by trying to suspend the workings of the law of supply and demand.

Like primitive man, we may now be justified in directing our energies to perpetuating our position rather than to creating new positions; but even so we should go at it in the right way. The primitive man did not attempt to perpetuate his income by legislation or fictitious agreements of any kind. He did so by systematically setting aside a larger

proportion of his earnings each year for permanent improvements. Each year he spent a smaller proportion on his stomach and clothing and more labor on houses, barns, felling his forests, developing the power of the little stream running through the farm, and stocking the farm with cattle, pigs and fowl. This is the way to develop enduring prosperity and enduring investments.

MORE INFORMATION NEEDED

The government departments in Washington are doing a great many good things, but they could give us more information as to the condition of different lines of industry, the amount of goods on hand and in the process of manufacture, and how the money of the nation is being spent. For instance, the Federal Reserve Board publishes the so-called "Bank Clearings" of the country, but no subdivision is made as to industries. Hence, when the bank clearings show that business is declining we don't know in what industries the decline has taken place. Suddenly the country is astounded by a surplus or shortage of a certain commodity. With advance information preparation could be

made to avoid the catastrophe or at least to provide a substitute for the commodity. The sugar episode following the war could have been easily avoided had the government collected and published monthly figures on the sugar available.

A great opportunity exists in the publication and classification of bank loans. Such a classification would show what percentage of our credit is being used for the *production* of goods, what percentage is being used for the *storage* of goods, and what percentage is being used for the *marketing* of goods. It would also be interesting to see whether more money is being loaned for the manufacture of fashionable adornments or for the manufacture of useful labor saving devices. The government cannot make people good, but it can supply data which, when a sensible man reads, will cause him of himself to determine to be good.

Herbert Hoover has said in this connection :

“Viewing the disastrous phenomena of booms and slumps in the light of what the government can properly do, there has been a great underestimation as to the potential importance to com-

merce and industry of an adequate service of statistics. The stability and soundness of business can be greatly enhanced and that vicious speculation can be curtailed by a more adequate information service maintained by the government.

"We should have more timely, more regular, and more complete information of the current production and consumption and stocks of every great commodity in the United States. We should go even further than this; that we should secure and publish the proportion of the total equipment of more important industries, that is, in current production, together with the total proportion of labor complement that is in service; and that in a few commodities it may be well to procure and publish the primary prices.

"If, for instance, in 1920 the public had realized that our stocks of coal on the surface were probably above normal, that at the time they were bidding for coal at \$15 per ton, the actual realization at the mine was probably less than \$4.00; if they had been aware that the limitation of supply was due to railway difficulties which would be solved with a little patience; then I am convinced

that many sensible people would have stayed out of the coal market, and that we should have had no buying public, with its profiteering, its consequent slump and great losses.

"Another instance is the rubber industry. If there had been an accurate monthly statement of the current ratio of production capacity and operation in the different branches of the industry, and of the stocks of major manufactured and raw materials in hand, there would have been saved tremendous losses not only in over-accumulation of goods, but also in over-expansion of equipment.

"Various industries have tried time and again to secure such data informally, but it is essential to success that it should be collected and presented to the whole commercial community, buyer, seller, and banker, by some department of the government which approaches the problem in a purely objective way, which will hold the individual's return absolutely confidential; and from which the whole public and the industry can enjoy equality of service. Such services are partially conducted in many different bureaus of the Government, but to accomplish their real purpose and greatest

value, they must be consolidated and conducted more efficiently and from a much broader point of view. I have little doubt that the present expenditures of the Government, if directed by consolidated effort, would cover the entire service necessary."

THREE ESSENTIALS TO ENDURING PROSPERITY

As food, clothing, and shelter were once the three essentials of the primitive community, so fuel, transportation, and the direction of credit have now become the three essentials of the modern city and nation. The groups that control the fuel, transportation, and credit facilities of a city control the people. To these three there might also be added the news function, as the control of the news is also a very important feature in modern life. Still New York could get on without any newspapers. But the people of New York would freeze or starve to death within a short time without fuel, transportation, and the credit necessary to get the commodities from their sources to New York City. These three forces must be absolutely free to act and react in accord-

ance with natural law for the benefit of all groups and without showing partiality to capital or labor. As these three great factors of civilization are allowed to function naturally, we have prosperity; but when any one of them is gummed up (by capital in the form of trusts or by the wage workers in the form of unions) then there is depression and unemployment.

Let me say just a word about this direction of credit. Business men are not especially interested in the bank statistics that are published now from week to week. It is interesting to know the condition of loans and deposits, but as a rule they both go up and down together. Even the bank reserve itself must be kept within certain limits. The interesting figures would be those showing whether the banks are loaning their money for producing goods or for storing goods; whether the banks are loaning money to the farmer and the manufacturer or to the speculator and the merchant. The need for enduring prosperity is more long term investments in the form of better railroads, better highways, better homes, and more of all these things. Yet the bankers—owing to our laws supposing to protect the depositor—pre-

fer commercial paper which is put out in the interests of the speculator and middleman. They refuse long term paper which is issued in the interests of those who are truly developing the country along permanent worth while lines. This is a great mistake.

Let us not make the mistake that although conditions are fundamentally sound we can make prosperity endure by mere thinking that everything is all right. The optimistic sales manager who simply says, "Think business is good and it will be good," is as far wrong as the pessimistic purchasing agent who thinks that the country is going to the bow-wows. Although the difficulty to-day is spiritual or psychological, something more is needed than simply a change in our thinking. There must be a change in our *motives*. The wage worker and the employer to-day, like that shrewd business man of Jerusalem to whom Jesus talked 2,000 years ago, need to be "born again." Both must change their point of view toward life and have new and better motives. Then we shall have more enduring prosperity. Moreover, the more enduring our prosperity, the more enduring will be our investments.

CHAPTER XIII

NEED OF EDUCATIONAL REFORM

BEFORE our investments can be enduring, our educational system in America must be entirely reformed. Moreover, this applies to investments in the broadest and most vital sense; that is, investments in life and the things worth while. Such investments rest primarily not upon banking houses and security vaults, not upon courts and police officers,—not upon material wealth of any kind; but rather, such investments rest upon the motives of the people. When 51 per cent. of the people are actuated with the right motives, our civilization is improving and our investments are enduring; but when 51 per cent. of the people are actuated by false motives, then trouble is ahead.

There are many difficulties with the present educational system. The work of our schools and colleges is not made interesting. It is not close enough to life; it is not practical enough. It pre-

sents facts instead of principles; it treats our young people as phonographs to be filled up with data instead of as Divine creatures with wonderful and unexplainable powers of reasoning.

THE GREATEST FAULT

A hundred criticisms could be made of our educational system; but the foremost is that it does not succeed in directing the purposes and motives of the students. Very few students graduate from a school or college with better motives and higher ideals than they entered; while many graduate with more selfish and frivolous ambitions. This is such a great criminal error that business men often wonder if the country would not be better off with many of our schools and colleges closed.

Instead of developing producers, we are developing consumers; instead of training young people to serve, we are training them to be lazy; instead of training them regarding their responsibilities, we are training them regarding their so-called "rights." Unless people can be actuated by high motives, education is a source of danger.

To give ammunition, in the form of education, to a person with wrong motives, is like putting a gun in the hand of one's enemy.

THE CONVENTIONAL REASON FOR EDUCATION

The ordinary inducement which is held out to young people for going to school and college is absolutely wrong. These young people are told that further education will help them to "get on"; meaning, of course, to get on financially. In short, this means to get ahead of the other fellow. This is the selling talk which runs between the lines of almost all school and college catalogues. It is a vital error, and indicates that many schools and colleges have entirely lost sight of the original functions for which they were organized. Such talk shows that the trustees and teaching staff are not fit to operate an educational institution. Of course, such inducements are most wickedly overdrawn in connection with some advertising of correspondence schools and business colleges, but universities and other established educational institutions are beginning to make the same error in connection with their race for funds and students.

Even the "Endowment Drives," which some of our best colleges have recently been operating, are smirched with this commercial spirit. It is all right to talk about investments and investments in education, but in order for these investments to be enduring, education must devote its primary purpose to *motives* and its secondary purpose to *facts*.

RELIGION AND EDUCATION

The reason why our public school system utterly fails in its fundamental work of developing proper motives, is because of its elimination of religion. I refer not necessarily to the elimination of reading the Bible and opening the day with the Lord's Prayer, although devotional exercises for all public schools should be encouraged. Instead devotional exercises have been legislated out of existence by many states. Due to the conflict which has raged in many cities and states between the Catholic and Protestant denominations this has resulted in tremendous harm to our school system. The greatest harm, however, has come from a disregard of the religious ideals in teachers.

Could not we avoid conflict by recognizing that

religious ideals should be fundamentally the same in the Protestant, Catholic and Jewish religions. Sectarian feeling has run so violently between the different sects that for fear some one of the three major groups would have a slight advantage, all religion has been ruled out of the public schools. Even the state of Massachusetts, which stands so high both in connection with its schools and churches, has the following law relative to the employment of school teachers. In simple English this means that it is against the state laws of Massachusetts for a school superintendent or principal even to inquire of a teacher applying for a position whether she is Christian, Jewish, or Atheist. The law reads:

"Religious or political belief not to be asked of applicants for positions. It shall be unlawful to inquire concerning, or to require or solicit from an applicant for a position any information as to the religious belief, creed or practice, or as to the political opinions or affiliations of the applicant; and no appointment to such a position shall be made, withheld or in any manner affected by the said considerations. Violation of the provisions

of this act shall be punished by a fine of not more than \$50 for each offense." (*Gen. Acts, 1917, c. 84, p. 2.*)

We have been taught that our ancestors came to America in order to separate church and state. Technically, this may be true; but they never dreamed that the thing would develop along present lines. History shows that the real difficulty in England and Europe was that the state controlled the church. Our forefathers—however—did not wish to bring about a separation of church and state. Rather, they desired to have the church control the state. This means that the settlers of America desired to have more religion in their government rather than less. They desired to have a religious state rather than a state religion. All history shows this to be the real fact, although we have been led to believe something entirely different.

Schools and colleges were not organized to help one fellow get the better of his neighbor, nor were they organized to help our young people get rich or take life easy. Our schools and colleges were organized primarily to train young people in the

right motives. Religion was the principal work in the early days and the Bible was the principal text-book. In order for our investments to endure we must get back to these fundamental principles. Instead of further separating church and state or religion and education, we must weld them closer together. Only religion must control the state instead of having the state control the religion. Only religion can teach men their obligations to the community and develop within them those higher motives of which civilization is so much in need. As H. G. Wells says:

"It is a modern error that education exists for the individual. Education exists for the community and the race. It exists to subdue the individual for the good of the world and his own ultimate happiness."

In order for our investments of every kind to endure—whether they are material, intellectual, or spiritual—our educational system must be reformed by putting religion in the foreground. Religion must be the basis of our educational system and the primary purpose must be to arouse within men and women a desire to serve and a desire for the things worth while.

Ruskin said something like this: Tell me what a person likes and I will tell you what he is. This suggests a great fundamental truth and applies to nations, communities, families, and individuals. The actions of all groups and persons are determined by their tastes and their tastes are determined by their religion. Hence, the primary work of an educational system should be to develop in the student a taste for the things worth while.

CIVICS AND EDUCATION

The second requisite for educational systems, if our investments are to endure, is practical instruction in civics and constitutional government. Certain very commendable work is being done along these lines by groups interested in Americanization. In many instances to-day the child of the immigrant is better informed on American government than is the child of the well-to-do. All, however, are lacking in instruction regarding government.

Much has already been written as to whether our country was ever intended to be a democracy or a republic; that is, whether we were supposed to have direct government or government through

representation. Writers claim that there are only three forms of government; a monarchy, a republic, and a democracy and that our forefathers intended that the United States should be a republic. Certainly if this is so the present talk about democracy with its referendums and the like is very far from our forefathers' original intentions. Probably not 5 per cent. of our school children of to-day could describe the difference between these three forms of government, and yet this difference is absolutely fundamental.

The teaching of civics does not mean a parrot-like memorization of the provisions of the Constitution. Rather, it means familiarity with both the spirit and text of our organic law with a certain knowledge of history. Furthermore, this history should be taught along the lines of Wells' Outline of History rather than in the form of facts and dates. All subjects should be taught with the primary purpose of having the student form high motives. This can be done only by showing him the fatal results which come from indolence, extravagance, dishonesty, licentiousness, and indiffer-

ence and to the good results which come from industry, thrift, integrity, purity, and uprightness. Every study gives an opportunity of emphasizing this fundamental fact, but probably no subjects give a better opportunity than do history and constitutional government.

When no instruction was given in government, all men were equally ignorant and it was natural that all men should be given the vote irrespective of their knowledge. A continuation of this principle, however, means ultimate downfall for any government. Equal and universal suffrage is something to aim for, but as at present directed, it is not successful. The idea that every man and woman should be allowed to vote on government problems of which they know nothing is absolutely wrong. As we may never be able to take away the universal vote, the only alternative is to educate all along the lines of constitutional government and history in order that they may exercise the vote sanely. The time to help people along these lines is during the plastic time of youth. Primary schools can teach patriotism and our

secondary schools can teach the understanding of and love for country which should be with religion a great motive power.

ECONOMICS AND EDUCATION

Economic study is the third essential to an educational system which will insure enduring investments. To-day when so many industrial problems are facing our country, it is of prime importance to the welfare of all that each citizen should have a sound elementary knowledge of economics. Economics is not a science like mathematics; but there are certain definite economic laws which have been manifested and verified by human experience. These laws are now being taught to the very small percentage of people who graduate from colleges; but the larger percentage who enjoy only a grammar school or high school education go out into the world with no knowledge of economics. Statistics suggest that at least 95 per cent. of our people have no information as to these fundamental economic laws, although their entire welfare is dependent thereon. In reality, the situation is worse than this because a

large proportion of this 95 per cent. are being taught unsound economics by soap-box orators and irresponsible agitators.

The wage worker is fundamentally well intentioned. He is actuated by the same human motives as actuate employers. The man who has nothing is intrinsically as honest as the man who has much. The difficulty is that the agitator or the man who has nothing has been led astray. He has been filled with false ideas. He has been told that water can be made to run up hill by votes of Congress; that there is no relation between supply and demand; and that the real reason for his poverty is because we are sending goods to foreign lands when they should be consumed here at home. He is taught that the charge of interest on borrowed money is a crime; that government insists simply on the protection of property and that the way to get increased wages is to restrict production. These, of course, are fundamental vital errors. Yet, can we blame the great mass of people for believing them when they have been taught nothing different? Hence, it is evident that the third essential of a

worth while educational system is instruction in economics.

ENGLISH AND EDUCATION

The fourth essential to an educational system which will make our investments enduring is better instruction in English literature. At first thought it seems that English instruction should not deserve a place with these essentials of education. Statistics, however, will convince one that it does deserve a place in the basic system of education. It is not enough for people to be able to read and write. They should be taught to understand and love good literature. To-day 95 per cent. of the reading consists simply of newspaper reading and a large proportion of this is defiling and degenerating. Young people must be taught to seek the best reading and be ashamed of having a part in any other form.

The many misunderstandings in connection with government, labor, and social problems are due to a misuse or a misinterpretation of the English language. These pitfalls must be avoided. All must be able to make themselves understood and to understand others. We can have no enduring

investments until a clear understanding between all classes and groups exists. It has even been suggested that world peace will never come until there is a universal language. Certainly, the solidarity of every nation depends on mutual understanding among its people.

The enduring educational system, however, should go further. It is only a step from English to psychology. The reasons that Shakespeare, Ruskin, and Emerson were great writers is because they were great psychologists and philosophers. Literature of itself is a mere shell. Psychology of itself is a dangerous weapon. The two, however, can be combined in a way to become a great force. Literature should not be taught for its own sake; but it should be taught for its psychological instruction. Yes—only through such teaching can practical psychology and philosophy be satisfactorily given to young people.

PRINCIPLES AND EDUCATION

The fifth essential for an enduring educational system is that our young people should be taught the principles, not the facts. Probably the great-

est advancement during our lifetime will be made along this fifth development. Almost every textbook used in our schools and colleges could be boiled down to one-tenth its present size. At the bottom of practically every subject are a few fundamental principles. The educational system of the future will teach the students only these fundamental principles, using problems simply to illustrate these principles and to interest the student therein. After learning these fundamental principles, the student as he goes out into life, can apply them when, as, and if needed.

Without doubt we are wasting a great deal of time on our educational system. Schools are being operated largely not to provide education, but to take the children off their parents' hands for a certain number of hours a day. This applies to all schools, although especially to kindergarten, primary, and preparatory schools. Colleges and high schools are largely being operated to give jobs to instructors rather than to help the students. Thus the incentive is to string out the course as long as possible and use as many text-books as possible. Naturally, the text-book manufacturers

are very sympathetic with this mistaken policy and help it along in every way possible.

Mathematics, geography, the sciences, languages, and the other basic studies are important; but they should be taught by different methods from those used at present. These studies should be greatly condensed and reduced to fundamental principles. These principles should be learned as the alphabet and multiplication table are learned. The great mass of rubbish now included should be eliminated. Moreover, if this were done, much time would be saved, and—what is more important—the students would be better educated.

For instance, chemistry, physics, geology, biology, etc., should all be combined into one course known as "Science," which every one should be taught. Such a combined course could be covered in less time than is now given to one science. The idea of making a student choose between chemistry and physics when he knows nothing of either is ridiculous. Let those whose business requires one of these sciences specialize in it *after taking the fundamental combined course*; but don't make

him select a science before he knows anything about it. Neither should he be allowed to take one science to the utter exclusion of others equally important.

The same error is committed regarding languages. What good does the smattering of French, German, Spanish, Italian, etc., now being taught in our schools accomplish? Less than 5 per cent. of those who study those languages ever make use of them. The whole system is ridiculous. Let all students in English speaking countries be taught English; the students in French speaking countries be taught French; and the students in other countries be taught their own language. Then have the students of all those countries taught Esperanto, which is simply made up of the fundamental principles underlying all languages. Under such a system we would get somewhere.

After one learns the language of his country and Esperanto, he should have the privilege of learning Spanish, French, German, etc.; but these other foreign languages should not be compulsory in our public schools and should be purely electives

in college. To-day they are required for graduation from high schools and for admission to college; while no examinations are given on certain fundamentals such as ethics, civics, and personal efficiency.

The Creator probably intended that we parents should go to school and then we ourselves should teach our children. Of course, this idea has been entirely upset. Schools and colleges have doubtless become a permanent fixture to our civilization and we fathers will continue to use them to take care of our children the same as we use laborers to take care of our gardens and maids to take care of our houses. We should, however, condense this outside education into as short a period as possible, make it as practical as possible, and teach only a few fundamental principles underlying each subject. This would be an infinitely more efficient, practical, and appealing method.

PART-TIME SYSTEMS

Educators say that it is necessary to string out a young person's education over a large number of years. They insist that to teach the funda-

mental principles above suggested would be like feeding a person protein, vitamins, and the other food essentials in pills instead of in the grains and vegetables as nature provides. They claim that the student needs "bulk" in order to digest his mental food as he needs it to digest properly his physical food. Furthermore, statistics indicate that the educator is right.

This educational bulk, however, should not be loafing, good times, dissipation, etc. Rather this "bulk" should be *work* in the fields, homes, factories, or stores. Referring to the educators' own illustration of the use of physical food, permit the writer to say that we do not feed a child from five years to eighteen years upon vegetables exclusively and then take away the vegetables and feed him on meats exclusively for the rest of his life! No, we mix the two from early childhood. In the same way we should continually mix study and work. Yet to-day we give our children thirteen years of all study and no work; and then pull away the study and give them all work for the remainder of their lives.

This means that an educational system in order

to produce an enduring prosperity must be based upon part-time education. No student should be allowed to enter or remain in high school unless he or she is regularly employed in some useful work. Already interesting experiments are being made along these lines in connection with college work. These experiments should at once be applied to the high schools, which today are training young people to be parasites instead of workers, owing to the use of play, instead of industry, for the so-called bulk.

Some will say that there are not jobs enough to give employment for even part-time to so many young people. This is a fundamental economic error. As more people work, more people are able to buy and this in turn creates more work. With a proper part-time secondary educational system designed to teach young people *after* they go to work or get married instead of *before*, we would solve many of our social and industrial problems. For this reason the writer very much favors the work of correspondence schools, extension courses and other forms of education by mail. His only criticism is the way such courses

are often advertised and the motives often appealed to in connection with their sale.

COÖPERATION AND EDUCATION

Efficient education must be all-inclusive. All groups must be taught the same subjects and the same fundamental principles. The public school in the small city or town is a worth-while example along lines of coöperation. The son of the mill owner and the son of his humblest employee sit side by side in the same school room and derive their education from the same teacher. This is fundamentally correct. The mill owner makes a mistake from every point of view when he takes his son out of that school room and puts him in a private school in the town or, what is worse, sends him away to some other city.

Some one has said that the efficiency of a people is determined by its ability to coöperate. Certainly, the future of America depends on all groups pulling together rather than pulling apart. Mutual understanding between employers and wage workers can never be developed by operating separate schools for different classes of people.

Even the development in certain cities to have "Classical" high schools, "English" high schools and "Technical" high schools is a fundamental mistake. Our investments will not be made to endure by erecting such artificial classifications. An enduring educational system must provide the same fundamental principles for all groups whether executives or wage workers. Two and two make four and should be taught as making four to rich and poor, black and white. Moreover, these groups must learn to understand one another and this can only be learned through association.

The writer cannot too strongly emphasize the importance of teaching different groups to cooperate one with another. Some advancement is being made along these lines to-day. Certain of the older conservative institutions of learning are opening their doors with special courses for those who cannot spend the required time. Yet, with these institutions, the groups are kept separate. The children taking classical work are in one building, while the children taking business studies are in another building. One group is allowed to

look down on or look up to the other. This is all wrong. It is contrary to the fundamental principles of religion, good government, economics, and the other essentials in an enduring educational system.

THE WRITER'S DREAM

In showing this manuscript to a friend, the writer was asked to prepare a prospectus of what he would consider an educational institution which would make our worth-while investments endure. As a closing portion of this chapter he submits the following:

The Institution should have three Divisions:

Division One would be known as the General Division. It would give by mail in elementary form, to a majority of the employees of every industry, the same principles as are taught the executives and the sons of the stockholders. Even when the owner of the plant and his executives have the correct point of view, they cannot themselves be effective unless a majority of the employees look at things sanely also. Hence, an enduring educational system requires that the wage

workers of the country be given weekly elementary lessons, based on the same fundamental principles as are being studied by capital and management at college.

Division Two would be for the executives and soon-to-be executives of a corporation or firm who wish additional training in the fundamentals of Economics, Psychology, English, Finance, Science, etc., but are unable to come to a Resident School for personal work. These Advanced Courses however, have another fundamental purpose, namely: In order that the young man who is to come into control of the business may become efficient after his graduation from college, it is very important that the executives with whom he is to work shall have the same vision and be actuated by the same fundamental principles. Only in this way can the plant be operated harmoniously and efficiently. Executives could take this Advanced Division work by correspondence while the owner's son or successor is taking Resident School work.

Division Three would be known as the Resident School, and should comprise intensive one- to two-years' courses. This Division should be designed

for men who are likely to come into responsibility or property and give them practical work in finance, production, distribution, and personal efficiency. Men entering this Resident Division should have either one or more years of college or its equivalent in actual work. No formal examinations should be required, but men should be sufficiently mature and seriously interested to have this privilege.

THREE UNDERLYING PRINCIPLES

This educational institution should not attempt to give the same detailed information courses as are given in colleges. The ambitious man can be depended upon to have been to college or to have secured its equivalent otherwise, while the man without ambition is hopeless, whether he goes to college or not. The purpose of this educational system should be to emphasize and impress upon the students the few fundamental principles involved in production, distribution, finance, and personal efficiency. Men who are inoculated with these principles will by themselves in later years gather what further information is required; but

men without these few principles will never permanently succeed.

The second thing which such an educational institution should attempt is to have men actuated by proper motives. There is no use in giving men information if they use this information to destroy instead of construct. In addition to having knowledge, men, to be of use, must be controlled by right motives, and this applies alike to all three groups,—stockholders, executives, and wage workers. Hence, the importance of a religious background. Such a background is possible only when the teachers are filled with the spirit of Jesus.

But to be real factors in the business world, men must have something besides information and right motives. They must have the spirit of co-operation. They must be neither wealthy snobs nor labor snobs. All three groups must understand and respect the others. Hence, all graduates of such an educational institution should receive diplomas. Although these diplomas would be marked, "Fundamental Course," "Advanced Course" or "Residence Course," nevertheless all

who successfully complete the work given to them should be recognized as alumni of the school with equal privileges. Only in this way can there be developed a true comradeship among the young men who are to come into control of the businesses, the executives with whom they are to work, and the wage workers who are to be in their employ.

It therefore will be seen that more than an educational institution is needed. A great educational brotherhood is required to make our investments endure. The greatest problems facing America to-day are problems of production, distribution and personal growth. These can never be solved by building up walls between the different classes and depending on manufacturers' associations, labor unions, bankers' clubs, and the like. The solution will come only as all groups are bound together in a practical way by common ties. My dream is that the higher educational institution of the future will be one of these ties.

COSTS AND TEACHERS

Of course, all of this means that we must pay more for the education of our children. Teachers

are already paid too little; classes are already too large and these two facts explain much of the present inefficiency. Each teacher should have several assistants so as to give individual help and guidance; moving pictures should be used fully as much as text-books; while high school students should dictate to dictating machines and have their work edited by secretaries trained in English. Only in this way can English be properly taught.

There is nothing new in these suggestions. These and many others have been desired for years by leading educators. The whole truth is that they lack the funds. It costs money to create a good system of education the same as it costs money to make good roads and erect good buildings. Yet we spent on war in one year what it would cost to operate a 100 per cent. educational system for a period of twenty years. How foolish we all are! Is it not a wonder that our investments endure as well as they do?

CHAPTER XIV

A PERSONAL CONFESSION

ONE Saturday night I returned from what most people would have called a very successful two months' trip. I had been given luncheons by the leading Chambers of Commerce of the country and had spoken to numerous very large audiences where thousands had been turned away. All of these talks had caused very favorable comment in the newspapers of the cities visited. While away I had been elected to positions of power and influence by some of America's large corporations. Moreover, on my desk—upon my return—was a report showing that my business had just completed its most prosperous year, earning profits many times greater than anything I had ever expected.

Notwithstanding these things which are commonly called "success," I was tired and half sick. The next day on my way from church, I stopped

in at the local drug store to tell the proprietor, "Tom West," as he is commonly called, my troubles. I asked for some aspirin or something of the kind which he slowly tied up and gave to me. As I turned to go out, he called out:

"Roger, you think you are prosperous; but I say you are a damn fool."

For some days this thought clung to me until it seemed as if friend Tom was right. Prosperity consists not in fame, power, or money, but rather in health, happiness, love, and peace. Jesus said, "First seek the Kingdom of Heaven and all these other things will be added unto you." Let us make sure that we get all the things to which Jesus referred. Let us not think that prosperity consists in having only houses, automobiles, stocks, and bonds. Let us remember that when Jesus said "all things" he had more in mind those spiritual things for which so many men give their lives.

FORCED TO THINK

"Tom West" certainly made me think about many things. Among them were these:

Once I had plenty of time to give to my only child. When I became "prosperous" she, of course, went away to a boarding school. I had no time to give her. Henceforth, her life was not shaped by her father, but rather by unknown and young boarding school friends.

Once I had a small number of employees and knew them all by their first names and knew their fathers and their mothers, having visited in their homes; but when I became "prosperous" an employment manager was engaged and this personal touch which had been so helpful was lost.

When I first started in business there was plenty of time to go to Gloucester and see my father and mother who enjoyed having me with them; but when I became "prosperous" I had no time for this and could only steal down over a hurried meal once every two or three months.

It is said that prosperity means health, freedom, and happiness. I had not the health of my hired men on the farm who were working in the garden summers and were cutting wood winters. Every one in my employ had more freedom than I had. It was possible for them to go anywhere

and do anything they liked without having it noticed or reported. As for happiness, I envied the squirrels running about my place. Yes, if prosperity is health, freedom, and happiness, certainly these squirrels were more prosperous.

The facts showed that Tom West was right. I was a "damn fool." Before another week had gone by, I had turned over a new leaf. I was still determined to be prosperous, but had made up my mind that prosperity consists in having a little of all things, a comfortable home, a reasonable income, a lot of fresh air, honest out-door work, some good friends, and the joy which comes from quietly and unostentatiously giving some one else a lift.

Of course it is untrue to say life is made up simply of the spiritual things. The person who has not a fair proportion of the material things is not prosperous; but statistics do show that the spiritual things—love, joy, peace, health, friends, and beauty—are more important. This means that you cannot judge a man's prosperity by his position or his wealth. You can judge him only by God's ratings, not by Dun's or Bradstreet's.

A TRUE PERSPECTIVE

Since Tom West opened my eyes, I have been getting a better perspective. It seems almost as if real prosperity is seeing life in its true perspective. I wonder if many readers of this book are not also "damn fools?" We read a good deal about religion and business. At one time we hear of religion as the hand maid of business; another time business would appear to be almost necessary to religion. Do not we think too much about both religion and business and too little about life for which both religion and business exist?

Production has been a favorite theme with me. For greater production I have appealed and am still appealing to-day. Yet production is only a means to an end and should not be made an end itself. Production is of use only as it sustains life and gives greater life. Whenever production begins to contract life and causes us to lose those spiritual qualities which make life really worth while, then production ceases to function, and with it all of this vast commerce, industry, and investing ceases likewise to function.

Richard Roberts has said that production is to

life what the kitchen is to the rest of the home. It is essential and indispensable, but yet a home with only a kitchen would be no home at all. Owing to the incomplete definition that is being given to the words "prosperity," "production," and "investments," are not we all crowding together in the kitchen of the house of life? It certainly seems so. It appears that one is neglecting the library, the living room, and those spacious, airy verandas upon which we should be basking in the sunshine of truth, love and peace.

For this reason we must not test our investments by their productivity of mere things. Things are important and essential, but they are only a small part of prosperity. Unless our investments produce these final, spiritual qualities as well as the material, both for ourselves and others, our investments have failed in their purpose and certainly will not endure.

Men should live to produce, but not merely to produce mere material things. The great thing that we are called upon to produce is a real and full life. This full life is made up of friendship, wandering through the woods, enjoying music, art,

and the beauties of nature. This is what was in mind, when in a previous chapter, reference was made to the soul's craving for self-expression so inherent in human nature.

A RAILROAD LESSON

Once I spent Sunday at the home of a famous railroad president. It was a wonderful great stone mansion in which he and his wife lived "alone" in a wealth of servants. There was a servant for this and a servant for that. Privacy was impossible and life was one continual procession of appointments, directors' meetings, social functions, and the like.

At the Sunday dinner that day, while two butlers were waiting on the table, a third stood with a great pile of vouchers at the back of the railroad president's chair. The meal consisted of many courses and the duties of this special butler consisted simply of putting in front of this railroad president between courses a bunch of vouchers which he would sign.

After dinner we went into the library and sat before the great fireplace. I asked him to tell

me something about his early life. Briefly, it was this :

He had graduated when a young man from an eastern technical school as a civil engineer. He was married immediately after graduation and he and his wife went in a construction train from New York westward to the Missouri River. This was as far as any rails had then been laid. After crossing the river, a camp fire was made and their home life started. From that point on he and his wife traveled and lived in a prairie schooner for more than three years,—until the rails hit the foothills of the Rocky Mountains. Their first child was born in the prairie schooner.

As these days came back to the memory of the man, his voice began to break and then tears came to the eyes of his tired wife.

"What's the matter, dearest?" he said. "What's the matter? You enjoyed those days, didn't you?"

"Yes," she replied, "I certainly did and I wish we were back there now. Those were the days when we enjoyed *real* prosperity."

THE DIFFICULTY

Take care—quote me correctly. Statistics do not teach that true success consists simply in returning back to nature and in leading the simple life. The hands of the clock can never be set back. We must adapt ourselves to existing conditions and not pleasant theories. True prosperity depends upon a three-fold development. He who fails in any one is handicapped. Enduring investments call for health, happiness, and financial independence,—that is, one should have enough income to be able to live as he should.

But of these three things,—health, happiness, and independence, the last—which so many of us make the most important—is the least important of all. The investment of money in mere stocks, bonds, mortgages, and other *things* is not a truly enduring investment. The real enduring investments are in happiness, peace, and love,—and the greatest of these is love.

But why is it that we are so strenuously seeking the temporary investments and give so little time and thought to the real enduring investments? We know that shrouds have no pockets,

—that some day we must give up every cent we have and that to-morrow may be the day. Why is it that with this knowledge we continually seek to accumulate more of material *things* when enduring investments can be secured only as we give up more of such things? It is by *distributing* more, instead of by *accumulating* more, first of ourselves and secondly of property, that we make investments which live forever.

THE REMEDY

As stated in the preceding chapter, one reason why we all have the wrong point of view may be that money and things are so wrongly emphasized in the public schools and colleges. The world is going mad on *hiring* things done. Every one wants to hire and buy rather than save or create. This especially applies to the education of our children and the care of our families. Just as soon as our children begin to know us, we ship them to kindergarten, and then to public schools, and then away to a preparatory school and college.

Fathers and mothers were supposed to be the teachers of their children. The home was sup-

posed to be the school house. Children begin school altogether too young. Family prayers are infinitely more important than French or Geometry. The woodbox is of greater educational value than Chemistry or Algebra. The subjects taught in our public schools are probably beneficial; but they do not compare in importance with those religious fundamental qualities which our young people so lack to-day. It is not more schools that we need to-day; but it is more religion in the schools which we already have and in the homes which form the background of our entire educational system.

We fathers should give our families more time rather than more money. Our children now need more counsel and comradeship rather than more stocks and bonds. We are putting all the ship's ballast on one side and if we are not careful the ship will soon capsize. The solution of our investment troubles—as well as of our labor troubles—will come only as we give more of ourselves to our children and our employees. Both children and wage workers need money; but money alone will neither satisfy nor save either.

AN APPEAL

The educational system for men is rapidly being reformed. Experiments which the Babson Institute is making at Wellesley Hills bear great promise. Men are being taught by doing, classes are being turned into conferences, and through correspondence courses, both teacher and student make rapid progress. Yet there is a great opportunity for improvement. Fathers must learn to spend very much more money on their sons' education if they are to insist that some one else shall give it.

The present educational system for girls is improving, although the modern tendency of training girls merely for industry and office is criminal. No wonder there is each year one divorce to every ten marriages;—and this has increased 20 per cent. since we have been keeping the figures.

Yes, the real reason why most of us are so unable to make enduring investments when the opportunity arises, is because we were never trained to do it. The truth is that many are being trained in making the opposite kind. Let us not continue longer to make such a mistake. Let us

not give greater emphasis to the unessentials than to the essentials. Let us not become hypnotized with the false idea of possession, remembering that production and not possession, that life and not money, should be the aim of our efforts. Finally, let us seek to produce with our time, influence, and money those qualities and other things which will make the world truly healthier, happier, and more prosperous. Then and then only shall we make the most enduring investments for ourselves, our families, and our communities.





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